

# **Toyota: Production Won't Normalize Until November**

Elaine Kurtenbach, AP Business Writer

TOKYO (AP) — Toyota's global car production, disrupted by parts shortages from Japan's earthquake and tsunami, won't return to normal until November or December — imperiling its spot as the world's top-selling automaker.

President Akio Toyoda apologized to customers for the delays due to the March 11 disasters that damaged suppliers in northeastern Japan, affecting automakers around the world.

"To all the customers who made the decision to buy a vehicle made by us, I sincerely apologize for the enormous delay in delivery," Toyoda said at a news conference in Tokyo.

Toyota Motor Corp. earlier said it has suffered a production loss of 260,000 cars. Earlier this week, it resumed car production at all of its plants in Japan for the first time since the quake, but the factories are running at half capacity due to the parts shortages. Japanese manufacturers are also grappling with power shortages.

Aftershocks from the magnitude 9.0 quake have slowed progress, Toyoda said.

"We've seen some of the recovery work set back to square one many, many times," he said.

The setbacks could cost Toyota its top position in the global auto industry.

Last year, Toyota sold 8.42 million vehicles, barely keeping its lead over a resurgent General Motors Co., which sold 8.39 million, thanks to booming sales in China. Given Toyota's production woes, GM could reclaim the title of world's largest automaker that it lost in 2008.

Adding to those worries, customers in some overseas markets are raising questions over possible radiation contamination of exported vehicles due to radiation leaks at a tsunami-damaged nuclear plant in northern Japan's Fukushima prefecture (state).

In response to that concern, Japanese automakers have begun checking radiation levels on some cars and tires before shipment.

"We want to erase their worries by taking this measure," said Hirokazu Furukawa, a spokesman for the Japan Automobile Manufacturers Association. He noted that no radiation has been detected on cars bound for overseas markets so far.

Toyoda and other Toyota executives said normal production for some vehicles

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

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inside Japan could resume by July, with normal output beginning to be restored by August overseas. But it will take until late in the year for the company to bring its production lines back to full capacity for all models.

"In November or December means that all lines and all models will go back to normal and we will be able to receive orders and make deliveries as usual," Toyoda said.

The company would not provide details on which vehicles might become fully available first. The announcement Friday was meant to facilitate dealers' discussions with customers, Toyoda said.

"Even if it is only the timing we can share with others ... we may be able to deal better with people working on the front lines," he said. "Dealers cannot discuss deliveries or any other specifics and they are having a hard time right now."

The parts crunch has been felt around the world, from Malaysia to Europe to the United States. Nissan Motor Co. and Ford Motor Co. have said several North American plants would be closed for some of April, and Chrysler CEO Sergio Marchionne has said his company will see disruptions.

Toyota has extended production cuts at its North American factories into early June, a move that will likely result in widespread model shortages. Its factories in China are operating at 50 percent capacity, and production at three Thailand plants is being cut by 70 percent.

The company has pledged not to lay off any of its 25,000 workers in North America and says it will use the extra time for training to make improvements at its 13 factories in the region.

The disaster has left Toyota and other Japanese manufacturers who pride themselves on just-in-time efficiency in an awkward bind.

Toyota executives say that while the industry's supply chains were designed out of necessity to maximize competitiveness, the company might consider ensuring that its plants have alternative suppliers or that each region is relatively self-sufficient.

"I don't want to think about this, but we are in an earthquake-prone country, so we will have to give serious consideration to what we will do in the future," said Shinichi Sasaki, an executive vice president.

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*Associated Press writers Shino Yuasa and Malcolm Foster in Tokyo and Grant Peck in Bangkok contributed to this report.*

**Source URL (retrieved on 12/25/2014 - 3:39am):**

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