Toyota's Production Fell 62.7 Percent After Earthquake

Shino Yuasa, Associated Press

TOKYO (AP) — Toyota's car production in Japan plummeted a staggering 62.7 percent in March due to a parts supply crunch following the earthquake and tsunami.

Toyota Motor Corp., the world's top-selling automaker last year, said Monday its domestic production in March was 129,491 vehicles — the lowest since 1976 when Toyota began maintaining production figures.

The magnitude-9.0 earthquake and tsunami on March 11 destroyed many factories in northeastern Japan, causing severe parts shortages for Toyota and other automakers.

Given Toyota's production woes after the tsunami, General Motors Co. is likely to reclaim the title of world's largest automaker that it lost in 2008.

Toyota sold 8.42 million vehicles last year, just keeping its lead over a resurgent General Motors Co., which sold 8.39 million, thanks to booming sales in China.

Toyota said in December that its global production would total 7.7 million vehicles in 2011. But Tokai-Tokyo Securities analyst Mamoru Kato said that number would fall to around 6 million due to disrupted production.

Toyota's global production in March dropped 29.9 percent year-on-year to 542,465 vehicles, while its sales in Japan tumbled 45 percent for the month.

Honda Motor Co. said its domestic production in March plunged 62.9 percent to 34,754 vehicles, with worldwide production falling 19.2 percent to 282,254 vehicles. Nissan Motor Co. said its production in Japan dropped 52.4 percent to 47,590 vehicles.

The parts supply crunch forced Toyota to suspend manufacturing in Japan for several weeks, resulting in a production loss of 260,000 cars. Toyota said Monday it is still struggling to secure around 150 types of auto parts.

"The impact of the tsunami disaster on Toyota is extremely severe," said Kato. "Since Toyota depends so much on domestic parts suppliers, any major disruptions in supply chains could cripple its output."

Kato said Toyota could suffer a net loss of 1 trillion yen ($12.2 billion) in the April-June quarter and a net loss of 500 billion yen in the July-September quarter.

Another auto analyst, Masataka Kunugimoto from Nomura Securities, has said Toyota would likely post an operating loss of 328 billion yen in the April-June quarter and an operating loss of 78 billion yen in the July-September quarter.

Toyota is currently running all its Japanese auto plants at half capacity, and the car maker said last week its car production will not return to normal until November or December.

Honda said Monday its auto factories in Japan will operate at half capacity until the end of June, and the company doesn't expect to return to full production in Japan until the end of the year.

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