

Nissan To Expand Overseas Parts Procurement

TOKYO, Sept. 20 (Kyodo) — Nissan Motor Co. President Carlos Ghosn indicated Tuesday the automaker will expand procurement of overseas components for its Kyushu plant in Fukuoka Prefecture, southwestern Japan, to help cope with the yen's appreciation.

Under the strategy, the Kyushu plant will increase the ratio of vehicle components to be procured in other Asian countries as well as the Kyushu region to 80 to 90 percent from 70 percent at present, taking advantage of its proximity to Asia, Ghosn said in Kitakyushu in Fukuoka.

Ghosn made the remark in an address during a ceremony to mark Nissan's spinning off of the plant in Kanda in the prefecture on Aug. 1.

The remark was taken to mean Nissan will have the plant enhance its resistance to the yen's appreciation and maintain its domestic operations by reducing costs through more purchases of overseas components, whose prices have fallen due to the strong yen.

The Kyushu plant, which exports about 80 percent of its products, is expected to boost its vehicle production in fiscal 2011 ending next March to a new high beyond the past peak of 530,000 units in fiscal 2003.

But its profitability has deteriorated amid the yen's appreciation that affects exports, prompting the plant to consider expanding production of new smaller vehicles for the domestic market.

Ghosn told reporters Tuesday the yen's present strength is abnormal and unrealistic. If the yen remains at present levels for the next six months, Nissan may have to drastically revise its business strategy, he said, indicating it would be difficult to maintain domestic production under the present strength of the yen.

The dollar hit a record low of 75.95 yen on Aug. 19. It stayed in the upper 76 yen range Tuesday.

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