Japanese Automakers Boosting Asia Output

The Associated Press

TOKYO, April 3 (Kyodo) — An increasing number of Japanese automakers are expanding their production capacities in Southeast Asia in expectation that the region's economic growth will boost the auto market.

The trend is especially evident in Indonesia, which has a population of around 240 million, the fourth largest in the world and the biggest in the region, as well as in Thailand, where the automakers have a long history of actively building footholds.

"The ASEAN market centering on Thailand and Indonesia will continue to expand," said Kyoichi Tanada, an official of Toyota Motor Corp., at a press gathering on April 3, adding he intends to strengthen sales in the region.

The auto giant is planning to double its annual output in Indonesia to 230,000 units at the beginning of 2014 by investing some 41.3 billion yen to build a new plant on the outskirts of Jakarta.

The 10-member Association of Southeast Asian Nations comprises Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Laos, the Philippines, Singapore, Thailand and Vietnam.

In addition to Toyota, Nissan Motor Co. announced on March 20 it would raise its annual production capacity in Indonesia to 250,000 units by 2014 after already announcing in July 2011 it would beef up production to 180,000 units to meet demand in rapidly growing markets.

Honda Motor Corp. has also decided to build a new plant there by spending 27 billion yen to increase its total output to 180,000 units.

Indonesia's per capita gross domestic product hit the equivalent of $3,000 in 2010, a figure often said to be necessary for full-scale popularization of automobiles.

The country's auto sales totaled 890,000 units last year and are expected to reach the benchmark one million in a few years.

While parts makers' advance into Indonesia is still limited, the country is becoming a ground for fierce competition between global car makers such as General Motors Co. and Volkswagen AG.

Thailand, another key growing market, is often dubbed as "Asian Detroit" for its thriving auto industry with Japanese carmakers producing 90 percent of the vehicles manufactured in the country.

The country continues to attract automakers as an export base even after the

massive flooding last year disrupted supply chains and crippled the output of Japanese automakers in the country.

Honda Motor, which was forced to halt production after its plant was inundated in October, celebrated resumption of operations on March 31, with Thai Prime Minister Yingluck Shinawatra attending its ceremony.

Mitsubishi Motors Corp. and Suzuki Motor Corp. have both said they will manufacture and sell vehicles in the country.

Parts makers are also adopting a proactive stance towards production in Thailand, with Jatco Ltd., based in Fuji, Shizuoka Prefecture, scheduled to start operating its transmission plant with an annual production capacity of 500,000 units next year.

"Indonesia and Thailand have a smaller income gap and a larger middle class compared to countries like India," said Morifumi Higo, a consultant at Nomura Research Institute Ltd. "It is a promising market."

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