

New Japan Auto Chief Promises To Keep Production

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TOKYO (AP) — Toyota Motor Corp. President Akio Toyoda took the helm at Japan's auto industry group Thursday with a promise to keep production and jobs at home to help along the country's recovery from last year's tsunami disaster.

Toyoda also sharply criticized government plans to raise Japan's sale tax as a "moral hazard" Thursday, and urged what he called overly high taxation on car ownership to be reformed first.

"Companies that are working hard should be rewarded," he said at a Tokyo news conference to mark the start of his stint as head of the Japan Automobile Manufacturers Association.

Japan has a complex system of taxation on cars estimated to be about twice or triple those in Great Britain and Germany, and a whopping 49 times the U.S.

Toyoda said that production, technological innovation and suppliers must be kept in Japan, to prevent a "hollowing out" of Japan Inc.

The auto industry provides more than 5 million jobs in Japan, including auto workers, suppliers and dealers.

Japanese automakers including Nissan Motor Co., Honda Motor Co. and Toyota are all making strong comebacks from production disruptions caused by the earthquake and tsunami in Japan, and flooding in Thailand last year.

Much of that revival is coming from growth in markets such as fast-growing China, India and Brazil.

In March, vehicle production in Japan doubled from a year earlier to more than 980,000 vehicles, highlighting a recovery from the devastating quake and tsunami last year, according to JAMA.

Auto demand has gotten a perk lately from government-backed subsidies for ecological models, including hybrids and other fuel-efficient products. Fears are already growing about a fallout if the subsidies end.

But in the longer-run, Toyota and other automakers all face serious challenges in Japan — a market that has been stagnant for years, and where younger people are losing interest in driving.

Vehicle demand in Japan in 2011 totaled 4.2 million vehicles, down 15 percent from

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the previous year, but is expected to grow 19 percent to 5 million vehicles this year, according to the association.

"In these tough times, we must take up the challenge of bringing revival back to Japan and of bringing back smiles to Japan," said Toyoda.

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