



**Asia-Pacific
Economic Cooperation**

2014/AD1/020
Agenda Item: 3

Market Trends in Vehicle Sales

Purpose: Information
Submitted by: Japan



20th Automotive Dialogue
Beijing, China
22-25 April 2014

Market Trends in Vehicle Sales

Japan Automobile Manufacturers Association, Inc.
20th APEC Automotive Dialogue
Beijing, 23-25 April 2014

Summary of Current Status of Japan's Economy

Following the inauguration of Prime Minister Shinzo Abe's cabinet in December 2012,* the Japanese economy has shown a sustained favorable turn as a result of the administration's "Abenomics" policies which comprise three areas ("three arrows") of dynamic monetary and fiscal initiatives.

Abenomics' "three arrows" of economic initiatives

1. Aggressive monetary policy
2. Flexible fiscal policy
3. Growth strategies promoting private investment

- GDP growth rate in real terms:

0.3% (FY 2011) → 0.7% (FY 2012) → 2.6%(FY 2013 forecast)

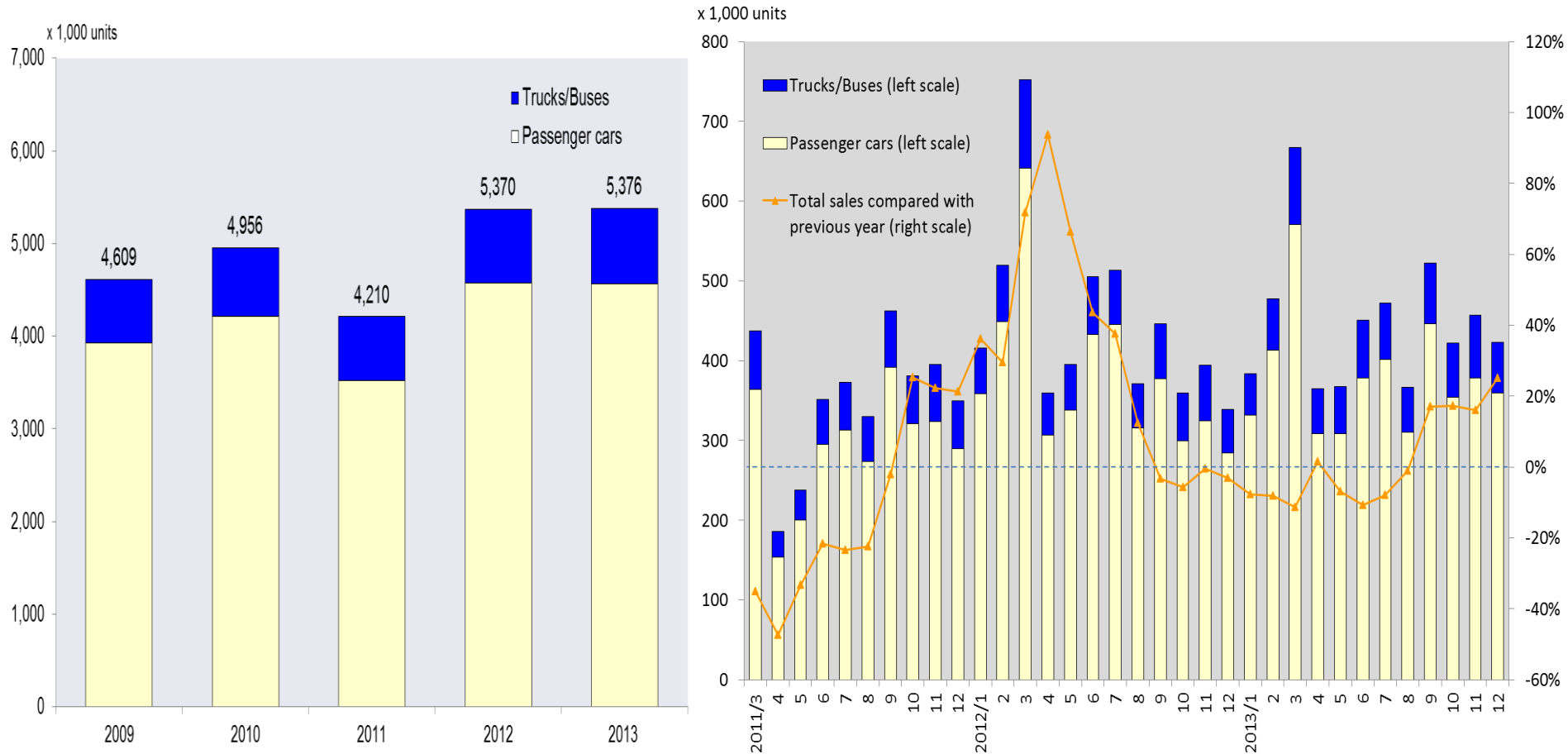
- Nikkei stock average

JPY 10,395.18 (end 2012) → JPY 16,291.31 (end 2013)

[JPY 14,827.83 (31 March 2014)]

New Motor Vehicle Sales Trends in Japan

- A sluggish domestic market has been a basic long-term trend, the result of prolonged economic stagnation and longer vehicle replacement demand cycles. However, in recent years the market has seen a firm upward trend following the negative impacts of the global financial recession and the natural disasters of March 11, 2011, as a result of specific market policies and general economic recovery.



Forecast for Japanese Domestic Demand in 2014

Forecast for total vehicle demand: **4.85 million units**

→ Down 9.8% from total demand in 2013 (= 5.37 million units)

Factors behind this decline:

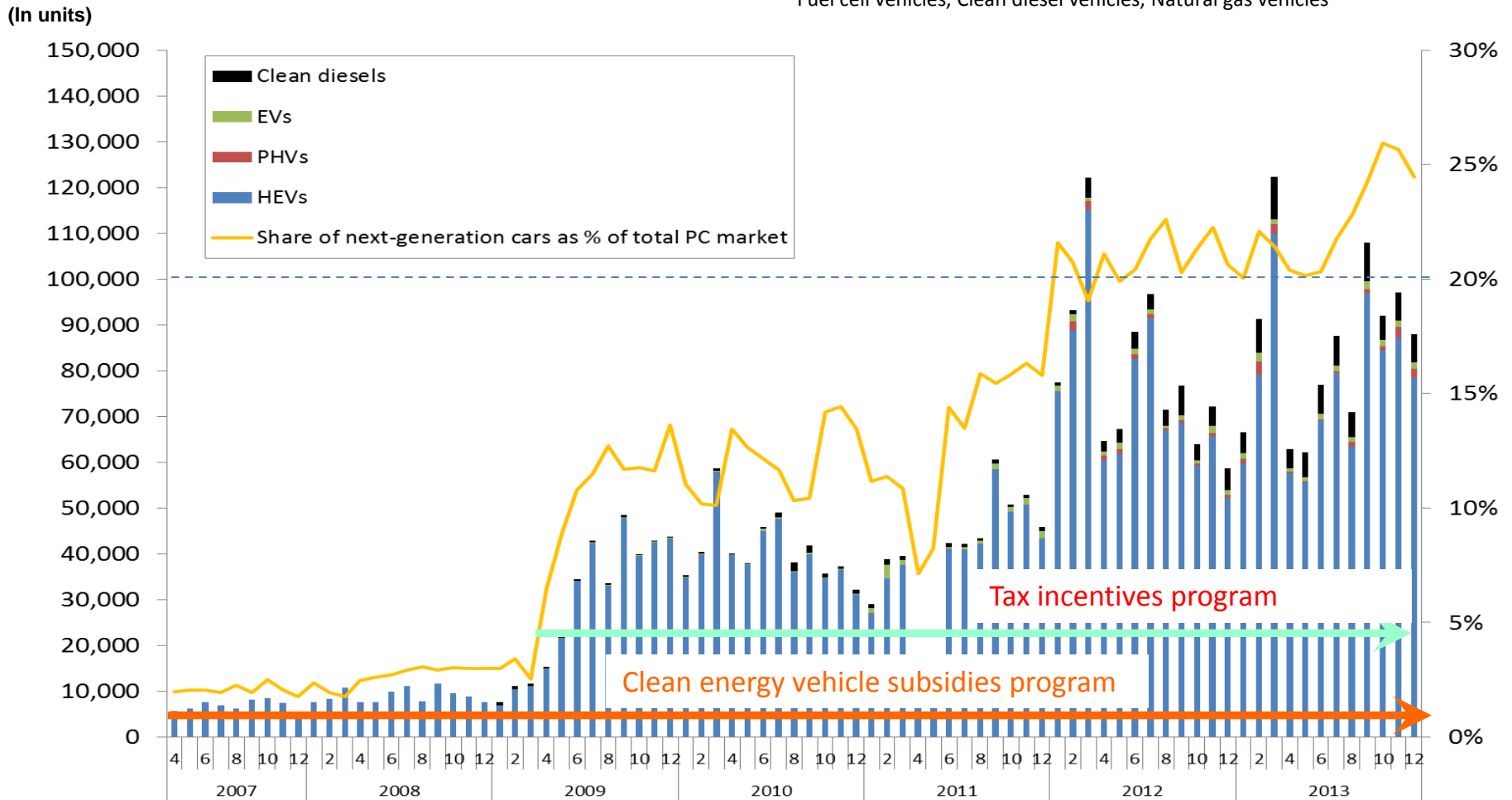
- A rise in the consumption tax (from 5% to 8% in April 2014) will negatively affect consumer sentiment
- Demand will drop as a consequence of the rush in demand in the second half of 2013 in anticipation of the consumption tax hike.

	2013 results	2014 forecast	YoY
Passenger Cars	4,562,282	4,080,000	89.4%
Trucks & Buses	813,231	770,000	94.7%
Total	5,375,513	4,850,000	90.2%

Trends in Japan's New Passenger Car Market (1)

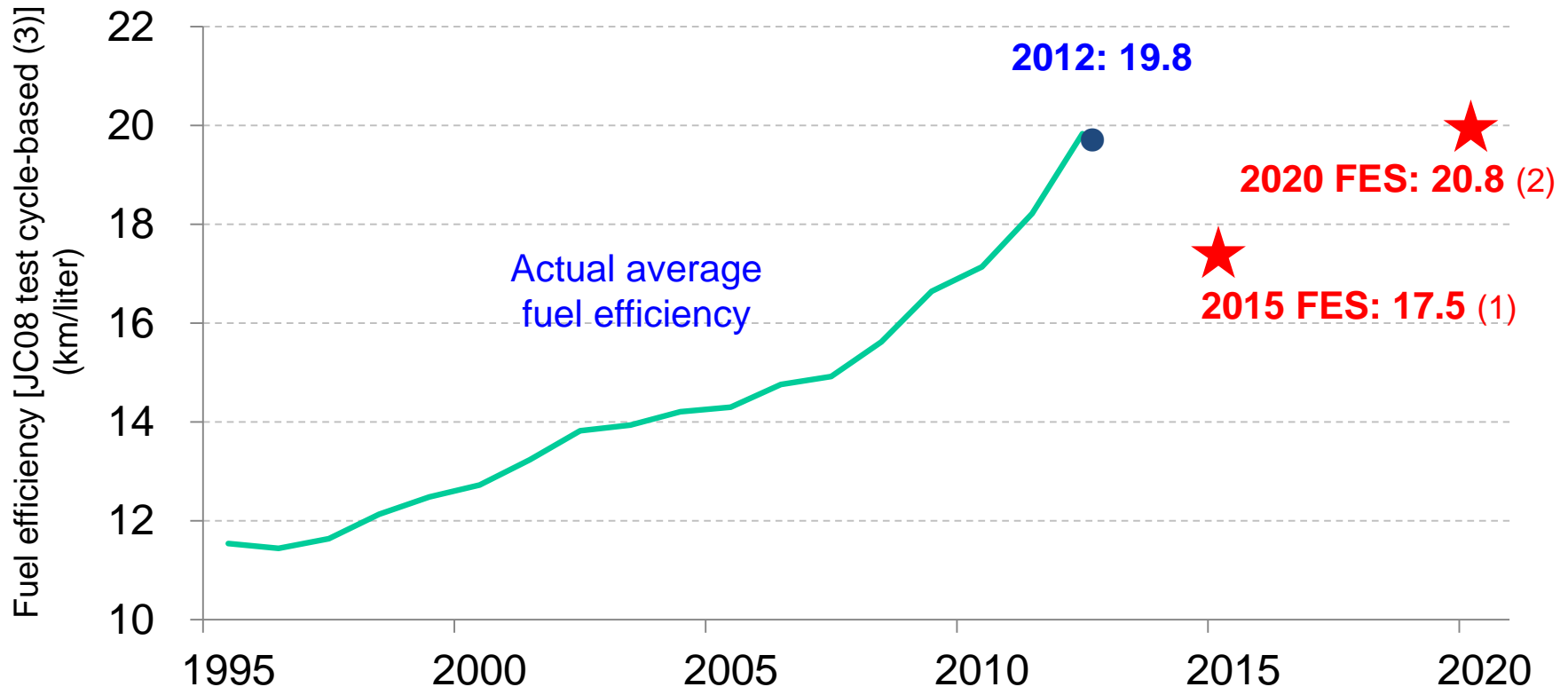
- Sales of next-generation passenger cars have grown to more than a 20% share of the new passenger car market as a result of the Japanese government's tax incentives and purchasing subsidies.

*Next Generation Vehicles: Hybrid vehicles, Electric vehicles, Plug-in hybrid vehicles, Fuel cell vehicles, Clean diesel vehicles, Natural gas vehicles



Average fuel efficiency of new passenger cars in Japan

- A broad range of technologies are applied by the automakers to improve vehicle fuel efficiency, including technologies to improve engine efficiency, improve powertrain performance, reduce aerodynamic drag, reduce vehicle weight, and reduce tire rolling resistance, among others.
 - As a result, the actual (sales volumes-based) average fuel efficiency of new passenger cars* has been increasing yearly.
- *Domestic, gasoline-powered



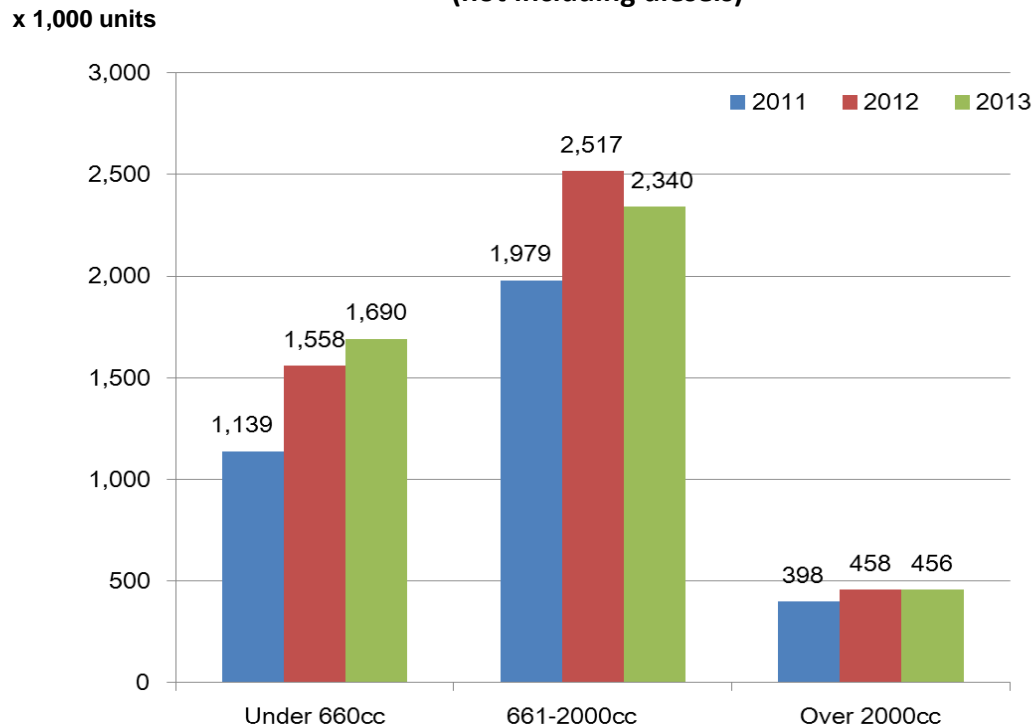
(1), (2): Calculated assuming the same shipment volume ratios by vehicle weight category as those recorded in 2012.

(3): Fuel efficiency figures here have been converted from their 10-15-mode test cycle values to their JC08 test cycle values. 6

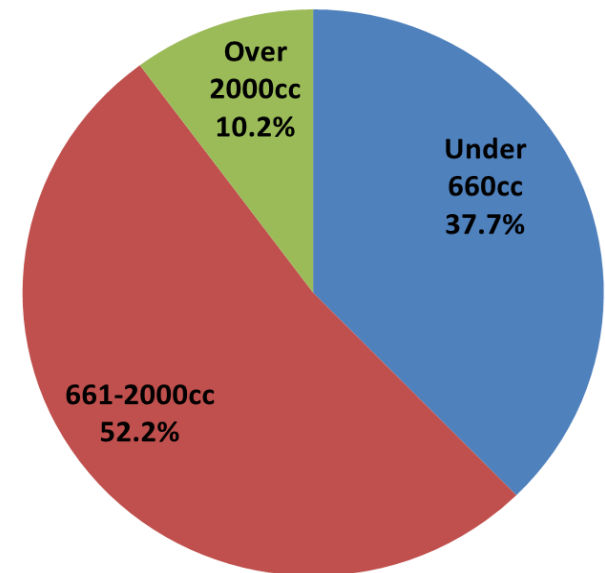
Trends in Japan's New Passenger Car Market (2)

- In addition, smaller cars of up to 2,000cc in engine capacity including next generation vehicles such as HEVs are the mainstay of the domestic car market. Their share in the car market reached 89.8% in 2013.
- With more consumers turning to next-generation passenger cars and smaller cars, the average fuel efficiency of new gasoline-powered cars has increased yearly.

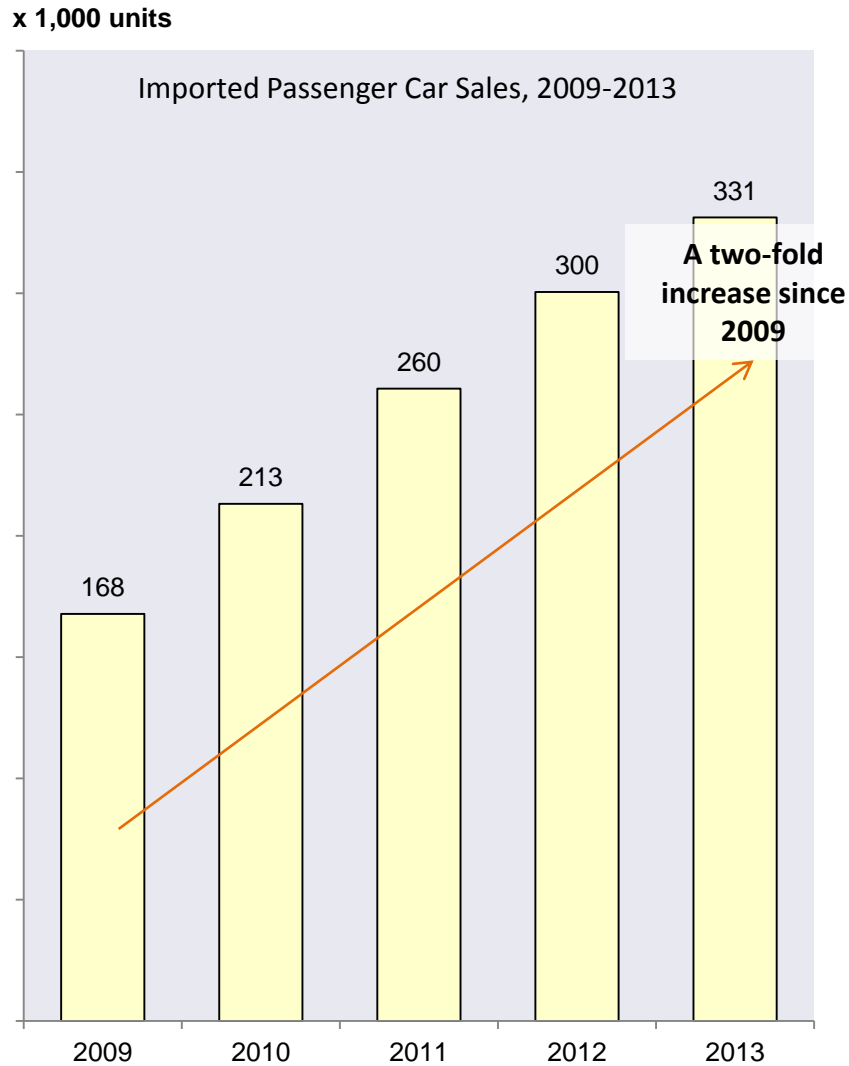
Domestic New Passenger Car Sales, 2011-2013
(not including diesels)



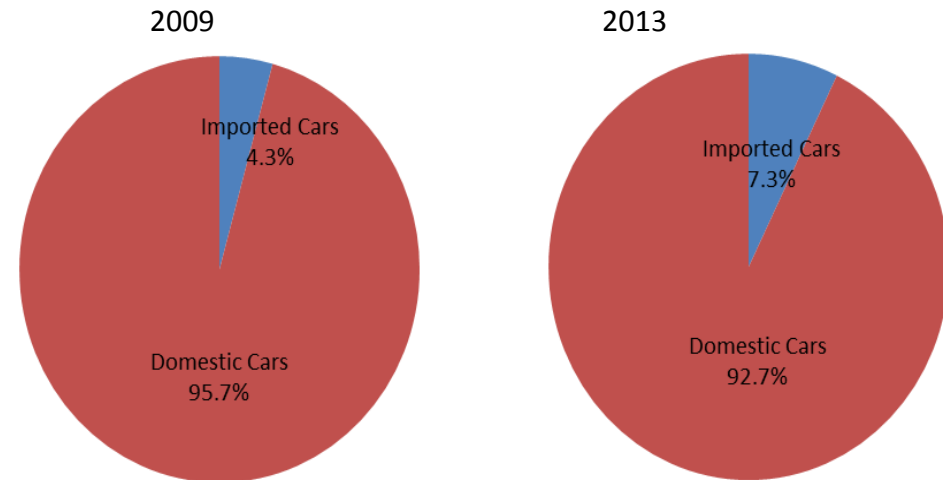
New Passenger Car Market Shares by Engine Capacity in 2013
(not including diesels)



Trends in Japan's New Passenger Car Market (3)



Imported versus Domestic Passenger Car Sales in 2009 and 2013



Thank you