

# Japan car sales in China fall 59.4% in October

SHANGHAI, CHINA: Sales of Japanese passenger cars in China slumped 59.4% year-on-year in October, a Chinese industry group said last week as a territorial row between the countries hurt demand.



Just 98,900 Japanese-brand vehicles were sold in the world's largest car market last month, the China Association of Automobile Manufacturers said in a statement.

A bitter dispute flared in mid-September after Tokyo nationalised an East China Sea island chain also claimed by Beijing, sparking huge protests across China and calls for a boycott of Japanese products.

On a month-on-month basis, Japanese passenger vehicle sales in China fell 38.2% in October the group said. The sales figures do not include imports.

Analysts say the row over disputed islands in the East China Sea, known as *Diaoyu* in China and *Senkaku* in Japan, has affected Japanese vehicle manufacturers operating in the country and helped boost demand for other foreign brands.

Japan's top three car-makers -- Toyota, Honda and Nissan -- all produce in China and have said they will scale back production in the country following a sales slump sparked by the backlash.

Toyota said it expects to sell 200,000 fewer vehicles in China in the second half of its fiscal year and take a ¥30bn (US\$373m) hit to its bottom line because of tumbling demand from Chinese consumers.

Toyota, Japan's biggest manufacturer, sold 900,000 vehicles in China in 2011.

Honda said that the firm would cut its full-year sales forecast in China to 620,000 vehicles, from 750,000 models sold last year.

"As the territorial dispute between China and Japan neither subsides nor escalates, Japanese branded vehicles continue to see a rapidly shrinking market share," said Namrita Chow, Shanghai-based analyst for IHS Automotive.

"South Korean, North American and German, brands are expected to steal market share," she said in a research report.

China's overall vehicle sales rose 5.3% in October from the same month last year, to around 1.61m units, the industry group said.

For the first ten months of the year, car sales increased 3.6 percent to 15.7 million units, slightly better than the 3.4 percent growth for the January-September period, it said.

China's vehicle sales rose just 2.5% to 18.51m units last year, compared with an annual increase of more than 32% in 2010, as the government scrapped buying incentives and cities put limits on car numbers.

*Source: AFP via I-Net Bridge.*

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