

September 2021

Toyota to cut production by 40% in September, 360,000 vehicles, parts shortage at COVID-19 - concerns about impact on sales

Toyota Motor Corporation announced on August 19 that it will make a new large-scale production adjustment at its plants in Japan and overseas from the end of August to September. 360,000 vehicles will be produced in Japan and overseas in September, 40% less than planned. The main reason is that the supply of parts from Vietnam, Malaysia and other countries has been delayed due to the spread of the new coronavirus. It is inevitable that the delivery of vehicles will be further delayed, and there are concerns about the impact on sales.

Domestic auto production increased by 16.0%. However, recovery was sluggish due to semiconductor shortage in first half of 2009.

The total domestic production volume for the first half of 2021 (January-June), announced by the eight major automobile manufacturers on January 29, was 3.99 million units, up 16.0% from the same period last year. The increase was due to the impact of a series of large-scale factory shutdowns in the same period last year in response to the new coronavirus outbreak, which led to a drop in production. However, the pace of recovery is sluggish as all companies were forced to reduce production due to the global shortage of semiconductors and other factors, falling short of the pre-corona level of approximately 4.7 million units in the first half of 2007.

Seven of the eight domestic automakers posted positive figures, while Honda, which posted the only negative figure, down 14.3%, was affected by a series of production adjustments due to semiconductor shortages, including a five-day suspension of operations at its Suzuka Plant, whose location is in Suzuka City, Mie Prefecture, in May. Recently, all companies have been experiencing difficulties in supplying parts from Southeast Asia due to the reemergence of corona infection, and many are taking a cautious view, saying, "We need to continue to monitor the situation closely" by Toyota Motor Corporation.

Supply management newsletter by ISM-Japan

Of the production cut in September, 140,000 vehicles were produced in Japan. In Japan, another 20,000 units will be adjusted at the end of August, bringing the total new production cut to 380,000 units.

In Japan, 27 lines out of 28 lines at 14 plants will be shut down in sequence starting on August 24. The Takaoka Plant, whose location is in Toyota City, Aichi Prefecture, which produces the Corolla, the company's main passenger car, will suspend operations from September 1 to 17. At the Motomachi Plant, whose location is in Toyota City, Aichi Prefecture, the production line for some models of the Lexus luxury car brand will be suspended from August 24 to September 30.

The scale of the overseas production cut in September includes 80,000 units in North America, 40,000 units in Europe, and 80,000 units in China.

However, Mr. Kazuo Kumakura, General Manager of the Procurement Division, says that the production cut was "included in the risk", and the global production plan which is to produce 9.3 million units for the fiscal year ending March 2022 will not be changed. The company will not change its global production plan which is to produce 9.3 million units for the fiscal year ending March 2022.

Source: Jiji.com News on Jul-29-2021 and Aug-19-2021

Comments:

I was amazed to learn the above article. Because as far as I know, Toyota Motor has been scarcely affected by the shortage of the semiconductors due to Toyota's resilient supply chain initiative until now. The epidemic of the COVID-19 has highlighted its impact on the global supply chain in the automotive industry.

With COVID-19 still a real threat and natural disaster more prevalent than ever before, it's never been more important for businesses to protect themselves from potential disaster. That's where a business continuity plan steps in.