
Slowdown signs - Honda Motor 2009 output seen falling by 30pct

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Yomiuri Shimbun reported that Honda Motor Co's domestic car production in fiscal 2009 is expected to decline by about 30% to about 900,000.

It may be noted that Honda has asked auto parts manufacturers to cut their fixed costs, including personnel, maintenance and operating costs of domestic plants, by about 30%. The company made this decision after concluding it would be difficult to achieve a major recovery even if the economy fully recovers.

Market observers said that Honda itself will have to cut production lines and reduce its workforce in the future. The domestic manufacturing sector will be further hollowed out if Honda moves to reduce its domestic production.

Due to the slump in car sales at home and abroad caused by the worldwide recession, Honda's domestic production in the April to June 2009 quarter on the basis of sales declined by 35.9% to JPY 736.5 billion as compared with the same period of the previous year. The slump in Honda's sales has led to a cut in the domestic auto parts production of about 30%.

(Sourced from www.yomiuri.co.jp)

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