

# Car makers worried about supply of vehicles, parts

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Local vehicle manufacturers and importers could soon run short of vehicles to sell and parts for manufacture as the impact of the Japanese earthquake and tsunami disaster continues to be felt across global supply chains.

At least two manufacturers in SA are shutting down their plants for a period over the coming months.

What makes the situation more worrying is an incomplete and unclear picture of just how well the Japanese industry is recovering from the 11 March 2011 disaster, whose effect has spread across the South African motor vehicle industry.

## Losing value

Internationally, Toyota has shed 11% of its value since the disaster as a result of the company's heavy reliance on its Japanese business, and because of a ratings downgrade by Standard & Poor's and yesterday's threat of one from Moody's.

In SA, Toyota spokesman Ferdi de Vos said the firm was not experiencing stock shortages yet. But the future, even in the short term, was very unclear.

"It's still not clear how (the disaster) will affect us. We should have a better idea next week. At this stage the extent of the damage is still not certain," De Vos said.

"It's a very murky picture. We're looking at it day by day, checking the stock, seeing what's in the pipeline," he said.

"Nobody can fathom the damage and the extent of the devastation."

He said a plan conceived last year to shut down the Durban Toyota plant - the Corolla, Auris, Fortuner and Hilux are built there - over Easter for maintenance was "lucky" in terms of component supply from Japan. "The timing was good."

## Nissan slowdown

Nissan SA has not been so fortunate. The company confirmed on Wednesday that its South African plant, which builds the NP 200 and NP 300 (Hardbody) bakkies and the Tiida and Livinia cars, was "in slowdown" because of a slow supply of components from Japan.

"For fully imported cars, we're fine for the moment," Nissan spokeswoman Veralda Schmidt said on Wednesday, 6 April.

"We might shut down the plant for a few days over Easter so we can get stock in," she said. "Supplier stock is a bit slow."

The slowdown and shutdown at the local plant "could mean dealers won't get stock", she said.

## **No inbound issues**

BMW SA spokesman Guy Kilfoil concurred on the Japanese outlook. "It's as clear as mud," he said. "It's not clear what the effect is."

Kilfoil said BMW in SA was experiencing "no inbound problems", but that any predictions were impossible. "We're dealing with it day by day," he said.

BMW SA exports the 3-Series to Japan, and Kilfoil confirmed that the firm's Rosslyn plant was still building cars for the Japanese market.

"We build to order, so every car we export has a customer waiting in Japan. But any cars bound for Japan are not leaving at the moment.

"The backlog is a few hundred cars. They have no mechanism to receive them at the moment," Kilfoil said.

## **Unaffected**

Honda SA spokeswoman Joeline Dabrowski said the company was "unaffected at this stage".

Honda SA imports all its products from the company's UK plants in Swindon and Sunderland.

Honda announced yesterday that the UK plants would step back to 50% production, meaning a potential loss of 22 500 cars.

"We'll look at it model by model, but we're fine at this stage," Dabrowski said.

In a written response yesterday, Ford SA said it was "not currently affected and (we) are working with our suppliers on a daily basis to minimise any potential disruptions".

Mazda SA refused to comment on its stock levels for "competitive reasons".

However, the Mazda plants in Japan that build the Mazda 2 and Mazda 3 remain shut and the company recently suspended orders for US dealers, according to Bloomberg.

This does not bode well for supply in SA.

Volkswagen SA, which exports the VW Polo to Japan, said the disaster "has had no impact at all".

*Source: Business Day*