Middle East, Africa, Latin America and the Caribbean

Growing with Profit, not at Its Expense

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Vice President

"Within the General Overseas Markets, or GOM, I'm responsible for Nissan business in nearly 110 countries, about 90 of which have Nissan national sales companies. It's a very diverse composition of small and large nations, and many languages and cultures.

In fiscal 2004 we met all our targets for sales and profit. Out of Nissan's total unit sales of approximately 3.4 million vehicles, for example, GOM accounted for 678,000 units. We contribute to Nissan's performance in both volume expansion and profitability. And the operating profit margin for GOM is better than the corporate average.

The strongest regions in my territory were several African nations, such as South Africa, and Latin America. Our success was due in part to general market strength, but the continuing appeal of the Nissan Pickup in South Africa and Latin America was also a key. Aside from the Middle East, where larger vehicles like the Armada are preferred, sales for the Pickup and the X-TRAIL have been consistently strong in all markets. We produce the Pickup in South Africa and currently sell over 40,000 vehicles there every year; our market share is around 9 percent. In addition to Africa, the vehicles produced here will be sold in Europe, Australia and New Zealand starting at the beginning of 2006. In 2005, in the Middle East, we are already seeing significant increases in volume due to the launch of Infiniti and the introduction of new Nissan models in the latter half of 2004.

There are several risks associated with a diverse territory like ours, including political issues, economic issues, and a range of other external factors. At Nissan, our policy is to stay flexible and adapt to the situation. For example, we had initially planned to supply Pathfinder vehicles to the Middle East from Spain. However, the rise in the euro raised costs, so we quickly shifted production to the U.S. Because our job is so diversified, we felt we needed more strategic thinking within GOM. For this reason we established the GOM Plan Department, which is a cross-functional unit comprised of various departments, such as Manufacturing, Purchasing, and Engineering. This department is responsible for functions formerly performed by Marketing and Sales.

Since we did not roll out many new models in our region, we had to upgrade our network structure to increase sales. The next new core model for us is the Tiida, which enjoyed a successful launch in China. It's a critical launch for us; through 2005 and 2006 we will complete the introduction of the model in all markets. The new model introductions will give us added strength in the markets during the NISSAN Value-Up period.

Another important development this year was the start of production of the Nissan Pickup in Egypt. Many in the industry doubted we would succeed, but we achieved our targets for quality. Vehicles produced here will also be exported to other countries in the region.

Europe is a tough market, as is Japan. If Nissan becomes too dependent on its major markets like North America, there is an inherent risk, and GOM helps minimize that risk. The markets we represent will contribute substantially to Nissan's total profit. Our focus now is on deepening the foundations of our business. A few years ago, for instance, we designed six activities that all the national sales companies are required to carry out. In 2005, we'll establish even more advanced activities. We constantly review their performance and, if necessary, take aggressive actions, including replacing companies whose performance is consistently unsatisfactory. That is why our activities will expand with profit, not at its expense. The General Overseas Markets are where Nissan will really be growing."