

Japanese car sales in China fell 59.4% in October: auto group

SHANGHAI — Sales of Japanese cars in China slumped 59.4 percent on-year in October, a Chinese industry group said Friday, as a territorial row between the countries pummelled demand.

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

The territorial dispute flared in mid-September after Tokyo effectively nationalized the already Japan-controlled Senkaku Islands in the East China Sea, sparking huge protests across China, which also claims the uninhabited islets, and calls for a boycott of Japanese products.

On a month-on-month basis, Japanese auto sales in China fell 38.2 percent in October from September, the group said. The sales figures do not include imports.

Analysts say the row over the islets, which China calls Diaoyu, has affected Japanese automakers operating in the country and helped boost demand for other foreign brands.

Japan's top three carmakers — Toyota, Honda and Nissan — all produce in China and have said they will scale back output in the country due to the sales slump sparked by the backlash.

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

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

Honda said last week that it will cut its full-year sales forecast in China to 620,000 vehicles, from 750,000 units.

“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 and North American, as well as German, brands are expected to steal market share,” she said in a research report this week.

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

For the first 10 months of the year, auto 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 percent to 18.51 million units last year, compared with an annual increase of more than 32 percent in 2010, as the government scrapped buying incentives and cities put limits on car numbers.