

## **Japan Auto Sales Fall on End of Subsidies as Korea Extends Slump**

Japanese vehicle sales fell the most in six quarters after government subsidies ended, while deliveries in South Korea extended their slump. The number of vehicles sold in Japan, Asia's second-largest auto market, fell 9.4 percent to 1.53 million during the quarter, with Toyota Motor Corp. (7203) seeing a 15 percent drop, according to association data released yesterday. In South Korea, the region's fourth-largest vehicle market, deliveries declined 2.5 percent as Hyundai Motor Co. (005380) saw a 0.7 percent contraction, based on company statements. Slumping demand at home underscores how Asian carmakers may need to increase their reliance on overseas markets this year. Toyota-led Japan Inc. is better off because the yen has depreciated against all major currencies since mid-November, while Hyundai and other Korean exporters have seen the won appreciate more than 13 percent against the yen. Japanese vehicle sales — including cars and buses — dropped for a second straight quarter after government subsidies on fuel-efficient cars expired in September. Deliveries will probably shrink 12 percent to 4.74 million units this year, according to the Japan Automobile Manufacturers Association. "There won't be many major launches this year," said Yoshiaki Kawano, a Tokyo-based analyst at industry researcher IHS Automotive said by phone. "Until the Tokyo motor show at the end of the year, the sales decline will likely drag on." Deliveries in the quarter at Nissan Motor Co. (7201), Japan's second-largest carmaker, fell 6 percent to 165,931 units in its home market and Honda Motor Co. (7267)'s sales tumbled 43 percent to 92,579 units. In Korea, vehicle sales fell to 321,420 units last quarter, based on tallies of company statements. The Korean government last week cut its economic growth forecast for the second time in four months, prompting the Finance Ministry to say it will unveil a stimulus package this month. Toyota shares fell 2.1 percent to close at 4,760 yen in Tokyo yesterday, in line with the Nikkei 225 Stock Average's drop. Hyundai fell 0.9 percent in Seoul, while Korea's benchmark Kospi index declined 0.4 percent. Bloomberg