

2013 New Year's Greeting

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Happy New Year! I wish you the very best for the year 2013.
Taking this opportunity, I would like to extend my sincere appreciation to the members for their continued cooperation and warm support to Land Engine Manufacturers Association.

According to the Cabinet Office's most recent monthly economic report, the current state of the Japanese economy is assessed as "showing weak movements" and the basic assessment of the economy has been continuously downgraded from the previous month since summer. Concerning short-term prospects, it is expected that weak movements would remain and severe status would continue for the time being.

Slowdown of the entire world economy triggered by Europe's financial crisis, historically weak Euro, as well as the economic downturn of China which is considered to be the leading economic power in the world are further increasing uncertainty over the world economy.

In this climate, our Association tabulated land-based non-road engines produced in Japan, exported and produced overseas from January to September 2012:

- Number of diesel engines domestically produced is 1,160,000 units, 1.3% increase from the previous year.
- That of gasoline engines is 2,580,000 units, 19.2% decrease from the previous year.
- Number of exported diesel engines is 610,000 units, 4.6% decrease from the previous year.
- That of gasoline engines is 1,810,000 units, 6.3% decrease from the previous year.
- Number of diesel engines manufactured overseas is 310,000 units, about the same as the previous year.
- That of gasoline engines is 7,720,000 units, 9% increase from the previous year.

Statistics show 1.3% increase compared to the previous year for the number of domestically produced diesel engines, 4.6% decrease compared to the previous year for that of exported and about the same for that of produced overseas. This suggests domestic production was supported by demands for construction machineries and generators from post-Great East Earthquake projects despite the severe condition of Japanese economy, while the number of exported units turned flat under the influence of the global slowdown.

The number of domestically produced gasoline engines fell by 19.2% and that of exported engines also decreased by 6.3% year-over-year. On the other hand, that of produced overseas increased by 9%, which indicates manufacturers who are the member of the Association and facing severe business conditions are shifting their production overseas because of the intensifying product price competition caused by the record appreciation of Yen.

The circumstances surrounding our product "internal combustion engine" have been changing drastically. As Japan's energy policy reached a turning point, it has been studied to multiply the electric power generation by co-generation system to five times the level of 2010 by the year 2030.

It is the most crucial task to utilize the energy more effectively than ever with an even better balance of fossil energy and renewable energy. In this situation, it is expected that the importance of the role of internal combustion engines will grow even further.

In addition, Shale gas revolution has remarkably increased gas fuel production and gas engines of which characteristic is low environmental impact have been gaining more public attention.

Compliance with environmental standards has been a critical task for conventional gasoline and diesel engines. It is assumed that activities for environmental conservation will be driven forward in China and other emerging nations.

The worldwide transition to “New Era for Green Product Compliance” has been accelerating. This can be considered as a favorable opportunity for the Association to further progress. Our product, internal combustion engines with great reliability have been considered more and more useful for the society through the improvements for environmentally-responsive products.

Industrial machineries such as construction machines, agricultural machines and generators are indispensable for infrastructure of any country. In Japan, they played an extremely important role in the restoration work of the disaster areas of Great East Earthquake. I strongly feel that as the core industry of Japan, manufacturers of internal combustion engines which are the power source of such crucial machineries must be the leader in realizing vital economy and society.

Although we are under such severe business circumstances, I am certain that all members of the Association will overcome this difficult times using your accumulated technologies and unceasing efforts and sustain growth and expansion of your businesses.

The Association is committed to carry out its full duty of supporting members.

Lastly, I would like to convey my best wishes for all your happiness and prosperous future in the new year.