

Abstract

Business structures in car parts manufacturing firm are undergoing a drastic transformation. Assemblers are demanding that their auto parts suppliers respond to global procurement needs, outsourcing, and modulization.

DAIHATSU, major manufacturer of compact commercial vehicles, announced its plan to establish a new manufacturing plant with the capacity of 100,000 units. It is scheduled to be completed December 2004, in Nakatsu City, Oita prefecture. The aim of DAIHATSU is to achieve a substantial improvement in production line efficiency and resource efficiency by standardizing assembly processes. TOYOTA and NISSAN have already established operations in Kyushu and began to improve production system and expand production at their manufacturing plants in order to keep pace with the increased demand. With the entry of DAIHATSU, Kyushu would be expected to become a large cluster of automobile and parts industries.

Vehicle Assemblers are aiming to reduce the cost of parts. To achieve cost reductions, they need to increase local procurement by building regional divisions of labour. Already parts manufacturers have begun to accelerate investment in order to respond to the expected increase of demand.

This paper examines the impact on the existing supplier system and whether it will be transformed to new one with the entry of DAIHATSU in Kyushu area.