

Toyota beats GM in 1st quarter as world's top auto seller

Associated Press



David Zalubowski/APA Toyota dealership in the United States

Toyota Motor Corp. became the world's top auto seller in the first three months of the year, passing rival General Motors Corp. for the first time, the Japanese automaker said Tuesday.

Toyota sold 2.35 million vehicles worldwide in the January-March quarter, the company said, surpassing the 2.26 million vehicles that GM said it sold during the same period. The results mark the first time Toyota has beat GM in global sales on a quarterly basis.

Toyota's reputation for quality and fuel efficiency has lifted sales of the popular Camry, Corolla and Prius gas-and-electric hybrid while GM has cut production as high fuel prices turned people away from its light trucks and sports utility vehicles.

While the figures represent only quarterly sales results, they foreshadow a tough challenge for GM as it fights to hold onto its title as world's top automaker — a claim usually staked on annual production figures.

Toyota has been gaining steadily on GM in recent years, and analysts have been saying it is only a matter of time before it eclipses its Detroit-based rival, which has seen its market share shrink in the United States even as it leads sales in China.

"Everybody on the road expects Toyota to overtake GM in 2007," said Koji Endo, an analyst with Credit Suisse in Tokyo. "I won't say the trend is impossible to reverse, but it's extremely difficult."

Toyota is ahead of GM in several ways, he said, including producing fuel-efficient models, developing new technology, boosting global brand image, cutting costs and having high morale and unity among its ranks.

"Toyota has been a success in almost all the regions, and is opening new plants," Endo said. "The only region GM continues to be strong is China, and it has failed almost everywhere."

In 2006, Toyota's global production surged 10 percent to 9.018 million vehicles, while GM and its group automakers produced 9.18 million vehicles worldwide — a gap of about 162,000. In the first quarter, Toyota made 2.37 million vehicles worldwide, while GM had expected to produce 2.34 million.

But Endo also warned that increased size also brings other problems like trying to ensure quality and manage a sprawling network of manufacturing and sales.

"As your volume gets bigger and bigger, in many cases efficiency tends to drop," he said. "There might be a risk of being over-stretched."

Toyota says topping GM isn't a key priority for the company.

"Our goal has never been to sell the most cars in the world," said Paul Nolasco, a spokesman for the Japanese company. "We simply want to be the best in quality. After that, sales will take care of themselves."

Ayako Uchida, a GM spokeswoman in Japan, declined to comment on the figures but said her company's sales results were preliminary and not yet final.

In the vital American market, Toyota's sales rose 12.9 percent last year, catapulting it past DaimlerChrysler AG as the No. 3 seller of autos in the U.S. Toyota's share of the U.S. market climbed to 16 percent in March, behind GM's 22 percent and Ford Motor Co.'s 17 percent.

GM hasn't released a forecast for this year, but Toyota is shooting for global output of 9.42 million vehicles and sales of 9.34 million units.

While Toyota appears on course to supplant General Motors this year, GM's moves to boost overseas production could keep it in the running. The company's sales in China jumped 32 percent last year to 876,747 units, and it is also building a new factory in India, another market with tremendous potential.

GM launched a major restructuring in November 2005 that called for closing 12 plants by 2008, slashing its work force, reducing capacity and cutting costs.

But as Toyota rolls on, its executives are growing concerned about a possible political backlash in the U.S., even though American consumers continue to flock to Toyota dealerships. U.S. lawmakers from manufacturing states charge that the Japanese government has kept the yen artificially low, giving Japanese automakers an advantage.

"We are certainly concerned," Toyota Senior Adviser Hiroshi Okuda said earlier this year, adding that Toyota needed to "significantly" increase the number of foreigners on its board.

At that time, there were no foreigners in top positions at Toyota. But earlier this month, Toyota promoted American James Press, president of the automaker's North American division, to the inner circle.

Toyota's shares closed down 0.54 percent to 7,370 yen (US\$62.46) on the Tokyo Stock Exchange on Tuesday.

AP Business Writer Yuri Kageyama and Associated Press Writer Kozo Mizoguchi contributed to this report from Tokyo.

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