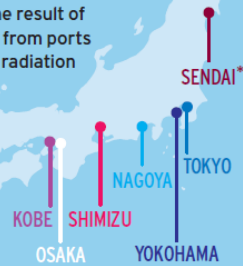
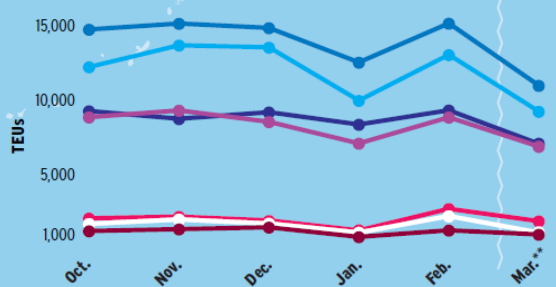


Japan's Ports: Impact Indicator

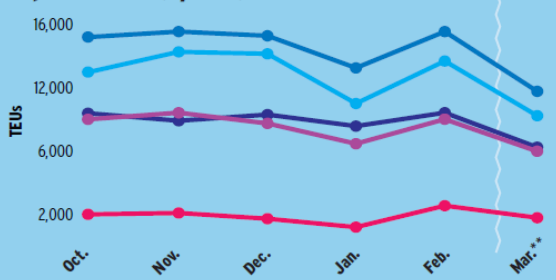
Import and export container volumes at Japan's ports dropped in the aftermath of the March 11, 2011, earthquake and subsequent tsunami. The dip has partly been the result of difficulty getting containers to and from ports because of infrastructure damage, radiation concerns, and other factors.



Container Exports to U.S. (by Port) Oct. 2010-March 2011



Imports to U.S. (by Port)-Oct. 2010-March 2011



* Closest to Earthquake
** Shipments as of March 23, 2011
Source: Zepol Corporation

on just-in-time manufacturing and lean inventory models across the world.

Toyota Motor North America is still assessing its network to ensure there is enough supply to build vehicles in the United States. Most of its Japanese plants are centrally located and nowhere near the disaster zone. Only four plants—subsidiaries supplying parts—were compromised following the earthquake and tsunami.

Production facilities closed immediately after the disaster, says Toyota spokesperson Javier Moreno. The company expected to begin production again on March 17, 2011. Getting spare parts facilities back online was top priority to ensure replenishment for vehicle repairs in the United States.

“There has been no lapse in taking care of U.S. customers,” says Moreno. “There has been some build-up in the United States to manufacture products for overseas consumption. No scale-up has occurred at other production facilities, apart from extending overtime at U.S. plants. Toyota will continue to assess the situation.”

Lean Leads to Delays

To say the situation in Japan is still fluid is an understatement. Shortly after *IL* spoke with Toyota, the company announced it would stop manufacturing activities at all of its Japanese plants and subsidiaries for another week. The carmaker didn't resume production of its popular Prius model until March 28.

Other carmakers such as Ford, General Motors, and Honda are also idling production and leveling demand at facilities across the world to counter immediate supply constraints. Rolling blackouts have forced some Japanese facilities to take turns running assembly lines to conserve power. As lean as automotive supply chains are, shortages have already begun to materialize in the United States as factories feather the brakes on assembly lines.

General Motors halted production at its Louisiana truck plant. Toyota and Subaru followed suit to stockpile parts. Ford had to stop taking new orders for cars in Tuxedo Black, and is limiting orders in three shades of red due to a pigment shortage. The hard-to-get pigment is made at a single German-owned factory near a coastal town hard-hit by the tsunami and close to the damaged Fukushima Daiichi nuclear facility.

For industries where supply lines are more flush and lead times longer, shortages likely won't manifest for a few months. Apple, for example, predicts possible difficulty sourcing parts for its new iPad2.