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## 30 YEARS LONG ROAD EXPLORING THE GLOBAL MARKET: REALIZATION OF TOYOTA CBU E



Jakarta - PT Toyota Motor Manufacturing Indonesia (TMMIN) today (5/9) marked the achievement of export activities that have been going on for more than 30 years with a ceremony located at Tanjung Priok Car Terminal. Also present at the event entitled "Realization of 1 Million CBU Export Units", President of the Republic of Indonesia H. Ir. Joko Widodo, Industry Minister Airlangga Hartarto, Minister of Trade, Enggartiasno Lukita, the line of Ministry and Working Cabinet officials, Managing Officer of Toyota Motor Corporation and President of Toyota Motor Asia Pacific (TMAP) Susumu Matsuda, President Director of TMMIN Warih Andang Tjahjono, President Director of TAM Yoshihiro Nakata, along with other Toyota Indonesia management.

Cumulatively, the export volume of Toyota vehicle brands has reached more than 1 million units since the initial shipment. This figure is also a proof of Toyota's seriousness in making a real contribution to the development of the Indonesian automotive industry, especially through export activities.

***"It is a pride for us to be able to make a real contribution to the development of the Indonesian automotive industry through export activities. We interpret this achievement as a***

***trigger for enthusiasm to be able to improve export performance so that it would help increasing the country's foreign exchange earnings in the automotive sector. We also thank you for the support of the Indonesian government so that this achievement can be realized very well. We hope that this support will be even greater so that the performance of exports to existing destination countries can be improved and expansion to new destination countries can be implemented,*** "said Warih Andang Tjahjono.

This export ceremony is a sign of the realization of the commitments that have been conveyed to the Government of Indonesia in 2015 by TMC President Akio Toyoda to the President of the Republic of Indonesia, Joko Widodo in Aichi - Japan, that is in terms of increasing investment and export activities. Toyota's export activity, through Toyota brand products that manufactured at TMMIN manufacturing facilities and PT. Astra Daihatsu Motor (ADM) as part of the Toyota group in Indonesia, is expected to contribute to the balance of trade balance, especially from the automotive sector.

### **The Role of the Domestic Industry**

Industry is one of the important keys to a country's economic growth because it absorbs manpower that push to increase purchasing power so that it will eventually be reflected in economic growth. The domestic industry also has a role in import substitution. With high competitiveness, the domestic industry can encourage the establishment of export opportunities. Without a strong domestic industry, export opportunities are difficult to achieve. On the other hand, the concept of increasing domestic content is very strategic in order to create Indonesian industrial independence, especially in terms of currency exchange rate volatility if industrial raw materials are still depend on imported materials.

Toyota Indonesia's position as one of Toyota's global production and export bases in the Asia Pacific region enables Toyota Indonesia to contribute in three ways. First, in attempt to substitute imports through localization of production for the domestic market and the creation of export markets. More than 90% of the sales volume of Toyota-branded vehicle products in Indonesia are local made products that produced by the children of the Indonesian nation. Second, on automotive export performance. The production of local vehicles is also marketed to the global market, to more than 80 countries in Asia, Africa, Latin America, the Caribbean and the Middle East, so that local production of Toyota vehicle brand contribute for more than 80% of the total exports of whole vehicles from Indonesia. Third, as a bridge for Small and Medium Industries (IKM) suppliers of vehicle components to be able to penetrate the export market. The high level of domestic content of Toyota products which currently reaches 75% to 94% indicates that only a small part of Toyota branded vehicle components that use imported materials besides contributing to the strengthen of the local component industries development in Indonesia.

Moving forward, Toyota Indonesia is committed to work closely with interested parties to support the development of upstream, small, and medium industries in order to further strengthen the industrial structure and competitiveness of the Indonesian automotive industry which will certainly increase automotive export opportunities from Indonesia.

In terms of emissions, Toyota's completely built up products have already met EURO IV and VI emission standards in accordance with the provisions in each destination country.

### **Export Domination of SUVs and Sedan Export Pioneers**

Toyota Indonesia exported a variety of automotive products starting from completely built up vehicles (Complete Built-up Unit / CBU), a knock down vehicles (Complete Knock Down / CKD), TR and NR type complete machines, vehicle components untill production aids in the form of jigs (welding process aids). From 9 Toyota completely built up models exported to foreign countries, which are Fortuner, Kijang Innova, Vios, Yaris, Sienta, Avanza, Rush, Agya, and Townace/Townlite, the Fortuner Sport Utility Vehicle (SUV) model is produced at the manufacturing facility Toyota Karawang Plant 1, contributing the largest export volume. Cumulatively, the total export volume of Fortuner since its initial shipment in 2006 are more than 410,000 units or around 30% of the total cumulative volume of Toyota brand CBU exports.

The trace of Fortuner success was followed by Vios and Rush sedan models. In 2014 Toyota Indonesia began its first significant export of Vios to Middle Eastern countries with an average volume of 3,000 units per month. Vios became the first sedan made in Indonesia that was able to penetrate the global market on a large scale. Since April 2018, Rush has gradually expanded exports to Asia, especially the Philippines, the Middle East and other developing countries. Prior to this export expansion, Rush was only exported to Malaysia. This addresses Toyota's serious efforts to become an export-oriented

vehicle manufacturer by paying attention to global consumer trends that require SUV and sedan models.

***"The size of the export volume represents that automotive SUV and sedan models from Indonesia are competitive enough to fill the needs of the global market. We believe that high competitiveness is one of the success key to open up opportunities to become an export-oriented automotive producer,"*** said TMMIN Vice President Director Edward Otto Kanter.

### **Toyota's Export History**

Starting in 1987, Toyota started first shipping of the third-generation Kijang (or Super Kijang) to Brunei Darussalam. This initial export volume is still in very small amounts, which only 50 units per month.

The best momentum for Toyota's export activities began with the implementation of the IMV project in 2004. The strategic position as the production base for Kijang Innova provides a great opportunity for Toyota Indonesia to expand its penetration into the global market besides meeting the needs of the domestic market. Since then, Toyota Indonesia's export volume has increased to around 7,000 units per year.

Along with the growing capability of the Indonesian automotive industry, Toyota's export activities are increasingly developing both for volume and destination country. In 2013, Kijang Innova, Fortuner, Avanza, Rush, Ace/Town Ace Lite were exported to more than 70 countries in the Asia, Pacific, Africa, Latin America and Middle East regions. Meanwhile, annual export volumes have risen sharply to more than 100,000 units per year. This at the same time makes the Toyota brand as a contributor to the largest export volume with a percentage of more than 80% of the total exports of Indonesian vehicles.

In the past 2017, the total export volume of Toyota's completely built up vehicles recorded the highest record during the history of export activities in Indonesia, which is 199,000 units per year. This further opens up new optimism that in the coming years, the export activities of complete built up vehicles made by the children of nation can record a new milestone that is breaking the number of more than 200,000 units per year.

The consistency of Toyota Indonesia in carrying out export activities has gained recognition from the Indonesian government with the award of the Primaniyarta Award for Exporting category for 8 times, in 2008, 2010, 2011, and consecutively from 2013 to 2017. Primaniyarta is an award from the Republic of Indonesia's Ministry of Trade is intended to encourage increasing export activities of companies in Indonesia.