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### HONDA ANNOUNCES GLOBAL PROCUREMENT PLAN

Honda Motor Co., Ltd. today announced a series of measures to dramatically increase the value of both its imports and the level of local content used in its products manufactured abroad. The aim of these measures is that in fiscal 1994, the value of Honda's produced parts outside Japan will total nearly \$7.9 billion, a 1.7 fold increase from the 1990 total of \$4.7 billion. Imports will increase within the same period to about \$1.22 billion, a 1.6 fold increase from the 1990 total of \$770 million.

These new actions mean that overseas procurement will represent close to 40 percent of Honda's total procurement in fiscal 1994. These new targets, which represent a further commitment to existing procurement policies, are designed to reinforce Honda's corporate philosophy of becoming a truly global company. To improve communication with overseas suppliers as well as increase Honda's local content level, more than 200 new staff will be added to our overseas offices to increase our purchases of foreign parts. This action will increase Honda's present overseas purchasing staff to about 900 people in fiscal 1994.

Honda became the first Japanese automobile maker to establish an independent division specializing in automotive parts imports when it created the group in 1978. Honda has been working with American parts suppliers since it began automobile production in the U.S. in 1982. In 1987, the company created an Import Promotion Committee which reports directly to top management. In 1988, Honda achieved another "first" for Japanese auto maker when it began importing its U.S.-made Accords. The effort was further supported in 1989, when the company established a "Planning and Export Group" at its Marysville, Ohio, plant to promote exports of U.S.-made parts to Japan.

This year, Honda has implemented five programs to promote imports:

1. Created a global purchasing department, designed to seek the best quality parts from around the world, regardless of the nationality of the manufacturer.
2. Organized meetings in the U.S. between Japanese component suppliers and American semiconductor companies to seek ways in which U.S. chip producers can increase their sales to Honda component suppliers.

3. An Import Vehicle Division was established in November 1991, to enhance imports of Chrysler Jeeps as well as Accord models manufactured at our Marysville, Ohio, plant.

4. Encouraged imports from Europe through Honda's automobile factory in the United Kingdom, which will begin operations at the end of 1992.

5. Increased local procurement and imports by encouraging local design development at Honda's overseas R&D facilities. To increase the value of local content, Honda in 1985 established a Support and Development Group in America to help local suppliers increase production efficiency and quality to meet Honda standards.

Equivalent groups soon will be established in Europe to promote increased use of local content and to improve technology transfer.

These moves are linked to the establishment of R&D facilities in local markets. By developing products especially for local markets, and by involving local suppliers in the development process, Honda aims to increase local content at all overseas production sites. This process also is designed to improve the access of foreign suppliers to the Japanese automotive market.

Honda's longstanding global production policies already have had a positive economic impact in local markets. Sixty four percent of all Honda motorcycles are now manufactured outside Japan. The ratio for automobiles is 33 percent and for power products, 39 percent.

Honda's total investments in America now are close to \$3 billion, providing employment for about, 14,000 Americans.

World-wide, Honda workers at overseas plants now number about 61,000. This exceeds the company's Japanese work force of about 47,000.

The company's commitment to overseas markets dated back nearly one generation.

In 1962, Honda's first overseas plant was constructed in Belgium. Ever since, Honda has led all Japanese companies in following a philosophy of manufacturing products overseas. Today, Honda manufactures motorcycles, automobiles, power products, engines and parts at 68 facilities in 37 countries. Among these operations are 21 technical collaborations and 33 joint ventures.

Honda's first automobile production joint venture was concluded with the British Rover company in 1979. The partnership has resulted in the successful development of the Legend/Rover 800 and the Concerto/Rover 200, as well as the licensed production of the Ballad, Legend and Concerto models in the United Kingdom.

The two companies presently are promoting the program, which will result in a new automobile to be marketed under both company brand names. Under the agreement, Rover will provide press parts, with its Swindon assembly facility to handle production starting next autumn.

Honda has had a motorcycle technology collaboration and production agreement since 1981 with the French maker, Cycle Peugeot.

In America, Honda established Honda of America Mfg. Inc., in 1978, and in 1982, Honda became the first Japanese automobile company to begin production in the U.S. The addition of power train components production, including engines, as well as the investment of profits back into these American operations has vividly demonstrated the Honda philosophy -- a strong, long-term commitment to local markets.

The results include the creation of thousands of jobs for American workers as well as the transfer of Honda-developed technologies and know-how to the U.S. market.

In each of its overseas markets, Honda has further striven to improve local economic conditions through investing in local research and development operations as well as steadily expanding the level of locally-produced content in all its products.