

Toyota to cut Sept production by 40% as virus hits supply chain

August 19 2021



The Japanese giant's rivals have also been forced to slash production targets.

Toyota said Thursday it will cut global auto production by 40 percent in September as the spread of coronavirus in Southeast Asia squeezes its supply chain.

It came after Japan's Nikkei daily reported that the global chip shortage was also behind Toyota's planned reduction in new vehicles.

The world's largest automaker announced suspensions in operations at multiple Japanese plants next month due to a "parts shortage resulting from the spread of Covid-19 in Southeast Asia".

"We plan to reduce our global production by some 40 percent in September, from just under 900,000 originally planned," a Toyota spokeswoman told AFP.

The Nikkei said Toyota would also scale back production in North America, China and Europe from early September.

The Japanese giant's rivals have also been forced to slow or temporarily halt production due to the chip shortage.

Microchips are essential for the electronics systems of modern cars, and have been in short supply since the end of last year.

When the pandemic hit, carmakers scaled back orders and chipmakers shifted output to consumer electronics as people splurged on equipment to work and relax at home—leaving automakers in a tight situation as demand for vehicles picked up.

The chip crunch and other virus-related supply chain issues had already caused several short suspensions at Toyota's Japanese factories.

The company reported a record first-quarter net profit earlier this month, with strong sales fuelled by the recovery from the coronavirus crisis.

Following the Nikkei report on Thursday, Toyota shares plunged 4.42

percent to 9,295 yen.

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