

THE MOTOR VEHICLE MARKET AND JAPAN

Several striking features have been observed in the motor vehicle market in Sri Lanka, in recent years. Chief among them is the increase in the number of vehicles, and Japan gaining a major hold on the local market. Government trade policies, the rising fuel prices, and disparities in the technological levels of different nations have all contributed towards this trend.

By the end of 1979 the total number of vehicles registered with the Department of the Registrar of Motor Vehicles was 274,080. By the end of 1983 it had reached 439,661, an increase of

58 percent. During these five years there were 207,661 new registrations. When the five years before 1979 and the five years after are compared there is a more than fourfold increase. The most striking growth has been in the number of private buses. This is a result of the permission given by the Government for private buses to transport passengers as from April 1979. The total number of buses registered in 1983 was more than twice the number registered in 1979. There was an increase of private car imports upto 1979 and a sudden drop in 1980. Thereafter imports

have been static. The highest number of motor bicycles were registered in 1980. Thereafter there has been a decrease. As for lorries, the highest registration was recorded in 1980 and by 1983 there was a slight decrease (Table 1). The liberalized import policies directly contributed to the rapid increase in the imports of vehicles in 1979 and 1980. Many of those who had been restricted by the stringent import policies of the previous years made use of the trade liberalization to import vehicles. The stabilization of imports after 1980 was therefore natural.

According to the figures available with the Department of the Registrar of Motor Vehicles, as much as 49 percent of the vehicles registered in 1979 were of British make. The percentage of those made in Japan was 19 percent. There was a drastic change by 1983 when the percentage of Japanese vehicles was 43 percent. Those made in the U.K. amounted to 33 percent. The other main countries from which vehicles were imported were West Germany, France, Italy, India and the U.S.

Of the vehicles registered in the period 1980 - 1984, 79 percent of the cars, 82 percent of the buses, 78 percent of the lorries and 97 percent of the motor bicycles were made in Japan. The second and the third places were taken by India and the United Kingdom respectively.

Classification of Motor Vehicles by Country of Origin
(Registered during the period of 1980-1982)

	Cars	Buses	Lorries	Motor Bicycles
Japan	17,690 (79)	10,734 (82)	24,424 (78)	74,198 (97)
U.K.	1,035 (5)	413 (3)	4,919 (16)	-
Germany	591 (3)	205 (2)	476 (2)	76
India	1,724 (8)	1,736 (13)	961 (3)	988 (1)
France	650 (3)	10 (-)	5 (-)	134 (1)
Italy	317 (1)	-	6	882 (1)
U.S.A.	117 (1)	9	262 (1)	-
Others	276 (1)	14 (.1)	120 (.4)	475 (1)
TOTAL	22,400 (100)	13,121 (100)	31,173 (100)	76,753 (100)

Source : Department of Motor Traffic

New Registrations of Motor Vehicles

Period	Passenger Transport					Goods Transport		Land Vehicles				
	Pri- Buses S.L.T.B.	Hiring vate Coa- ches	Cars & Taxis	Private Cars	Motor Cycles	Lorries	Others	Tractors	Trailers	Others	Other	Total
Stocks as at end	(9,524)	(899)	(3,840)	(83,842)	(20,239)	(33,116)	(4,148)	(14,243)	(6,594)	n.a.	(347)	(176,792)
1974	416	51	29	1,196	472	381	12	192	367	1,864	6	4,986
1975	328	66	29	1,229	356	316	10	200	338	1,107	6	3,985
1976	408	81	90	2,143	663	451	4	310	417	780	15	5,362
1977	959	80	126	3,248	1,106	1,006	63	450	680	1,094	14	8,826
1978	607	266	176	6,709	5,255	4,874	120	2,532	1,259	2,273	143	24,214
1979	747	1,575	906	9,942	15,459	6,425	78	2,788	2,423	2,032	20	42,393
1980	788	2,658	1,250	5,480	34,725	9,323	285	2,734	3,695	2,818	20	63,776
1981	24	2,330	-	5,760	17,160	7,785	251	733	941	2,371	36	37,391
1982	555	2,533	-	5,667	10,847	6,342	117	600	503	2,290	27	29,481
1983	521	3,748	-	5,470	14,431	8,125	66	521	711	3,556	27	37,176

The main factor that led to this trend of greater imports of vehicles from Japan was the oil crisis that affected the world from 1974 onwards. After the oil crisis Japan turned to producing more fuel efficient vehicles, thus causing serious problems for other countries that had been leading manufacturers of motor vehicles. Japan was also able to bring down

the cost of production by using new technologies. In the year 1980 Japan manufactured 500,000 motor cars and trucks and captured 3 percent of the market while the United States made 8,000,000 vehicles accounting for 48 percent of the market. In 1980 Japan reached a record level of production by manufacturing 11 million cars and trucks

while the production of the same kinds of vehicles in the US remained at 8 million. This trend has helped the expansion of the demand for Japanese vehicles in Sri Lanka too as much as in all other parts of the world.

The vehicles imported for the Sri Lankan market at present are of two types, namely, "new vehicles" and "reconditioned vehicles". Those belonging to the second category are mainly vehicles from Japan which have been reconditioned after less than five years of use. This category of vehicles has increased considerably after 1979 due to the low level of their prices. In this situation the representatives of the motor vehicle industry of countries like the United Kingdom, Italy and France who have been in the motor car and spares business for many years are facing problems while those representing Japanese interests have been gaining ground and higher returns from the motor vehicles business.

Registration of Motor Vehicles classification by Country of Origin

	1979	1978	Percentage Change
Japan	51,594	190,255	268.75
U.K.	133,327	143,214	7.42
Germany	17,934	19,292	7.57
India	9,955	13,459	35.24
France	12,546	13,345	6.37
Italy	9,805	10,817	12.62
U.S.A'	10,014	10,491	4.76
Others	29,105	38,788	33.27
TOTAL	274,080	439,661	58.29

Source : Department of Motor Traffic