

Japan: 90% Of Factories To Restart By July: Survey

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TOKYO (Nikkei)—Major manufacturers say more than 60% of their facilities are running again in areas affected by the March 11 disaster, while nearly 30% are expected to resume production in one to three months, according to the results of a government survey published Tuesday.

In another sign that severed supply chains are healing, 70% of manufacturers say they have found alternative sources of parts and materials.

But the survey also shows that at many companies, supply chains will not fully recover until autumn at the earliest.

Earlier this month, the Ministry of Economy, Trade and Industry surveyed 55 large manufacturers and 25 service-sector firms with facilities in seven prefectures hit by the earthquake and tsunami.

A full 90% of the 70 production facilities covered by the survey are expected to be back in operation by mid-July. Sixty-four percent are already there, and another 26% have one to three months to go, respondents said.

Renesas Electronics Corp. (6723) will partly resume production at its plant in Hitachinaka, Ibaraki Prefecture, on June 15, the company tells The Nikkei, which asked individual firms how they are recovering. METI did not release the names of the respondents to its survey.

Renesas has 30% of the global market for microcontrollers, which have become a key component in cars. The stoppage at that one plant is part of the reason global automobile production has slowed since the quake.

IHI Corp. (7013) says its aircraft engine parts factory in Soma, Fukushima Prefecture, will resume full production in mid-May.

Eighty-five percent of manufacturers reported supply problems resulting from earthquake damage at their suppliers. In a reflection of the complexity of procurement networks, 65% blamed damage to their suppliers' suppliers.

Seven out of 10 manufacturers reported success in securing stand-in suppliers, mostly other Japanese firms. China and other Asian countries ranked as the next-largest source.

But 28% said they have yet to find alternative suppliers. Panasonic Corp. (6752) and other electronics manufacturers expect to start running low on inventories of some components of such items as car navigation systems starting next month, which could mean production hang-ups.

Asked when they expect to have adequate supplies of parts and materials, 40% of survey respondents said by July and 77% said by October.

Among the companies with the broadest supply networks, Toyota Motor Corp. (7203) says 150 types

of parts are still on hold. The automaker expects output to return to normal only by November or December. Looking ahead to next month and beyond, Nissan Motor Co. (7201) says its first goal is to have its factories running at more than 50% of capacity. For most manufacturers, resuming full production is likely to take until at least the fall.

Meanwhile, retailers saw year-on-year sales growth of around 10% in March for food as well as other basic necessities and emergency supplies, the survey shows. Seven-Eleven Japan Co., part of Seven & i Holdings Co. (3382), reports a 9.5% jump in same-store sales in March and continued growth this month.

P.S.

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<http://e.nikkei.com/e/fr/tnks/Nni20110426D26JFN04.htm>