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## Remarks by the President at the 14th Ordinary General Meeting

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The new era Reiwa has started on the first day of this month. However, a series of events that could shake the world's economy and heighten military tensions emerged one after another, it has started with hard.

According to a monthly economic report by the Cabinet Office, the recent situation of Japan's economy has been recovering moderately, although there have been signs of weakness in some exports and production. This reflects a comprehensive assessment of the underlying trends in consumer spending, capital investment, corporate earnings, and employment. Concerns have been raised about developments in trade issues and the outlook for the Chinese economy, and we are required to deal with the problems right now.

Toward the G20 to be held in Osaka at the end of next month, I hope that these trade issues will be resolved.

Next, regarding the production status of our land combustible engines, our forecast for annual production of land engines which was announced on Apr 1 of this year is that domestic production of gasoline engines will increase 114.8% and diesel engines will increase 115.5% compared to the previous year. The domestic production of gas engines is also expected to be 106.9% compared to the previous year, and the combined gross domestic production of land engines is expected to increase significantly, reaching 114.9% and 4,154 thousand units.

Overseas production is projected to be 10,003 thousand units, to be 98.0% compared to the previous year. Although the production of gasoline engines will decline to 97.2%, production of diesel engines will rise 114.6% and production of gas engines will rise 154.3%. As a result, the total production volume of domestic and overseas land engines is expected to be 14,157 thousand units, 102.4% compared to the previous year.

Regarding production forecasts for this year, we expect domestic production of gasoline engines to be positive and diesel and gas engines to be negative compared to the previous year. As a result, total domestic production is expected to be on a par with the previous year. Overseas production of gasoline engines is expected to be on a par, and diesel and gas engines are projected to be negative compared with the previous year. As a result, total production in Japan and overseas is expected to be slightly below the last year, at about 14 million units per year.

The following is an overview of our environmental activities, which is one of our main projects.

The first is China's next regulations. In May last year, the Second Workshop on Small-sized Chinese Gasoline Engine Emissions Regulation, hosted by the China Internal Combustion Engine Industry Association, was held, and we LEMA, together with the European Euromot and the EMA of United States of America, participated in this committee to discuss the coordination of regulation values with international standards.

Second, prior to the 14th report by the Central Environment Council of the Ministry of the Environment, we compiled the opinions and requests on the introduction of Special motor vehicle regulations that is less than 19kW and above 560kW and submitted them to the Environment Management and Technology Office of the Ministry of the Environment.

The third is activities related to the voluntary regulation by LEMA with engines less than 19kW, which is outside of domestic laws and regulations. Regarding diesel engines, we revised our voluntary regulations to conform to the Euro Stage V issued in 2017. In 2020, we abolished the provisional standards for spark engines such as gasoline engines, which had been applied to some classes, and revised our voluntary regulations to cooperate with overseas emissions regulations.

This year's 7th annual meeting of the IICEMA, is scheduled to be held in Beijing, China. The LEMA will participate in this committee with representatives to report on regulatory trends in East Asia, including Japan, and to exchange information with representatives of the internal combustion engine industry associations in each country on issues related to emission regulations and response technologies in the future.

In recent years, there has been a growing demand for electric power-driven work equipment for consumer and commercial equipment. These devices are highly evaluated for their usability, excellent environmental characteristics, and safety, and are expected to be widely used by consumers in the future. On the other hand, there is strong demand for work equipment that is driven by internal combustible engines because of its superior output characteristics, reliability, and durability, and its proven work equipment. Nevertheless, in the future, industrial equipment needs to further improve its functions, such as reducing greenhouse gases emitted during the lifetime of products and improving the recycling rate of materials, in order to maintain the global environment and promote sustainable industrial activities.

We appreciate your continued support, and we will work to support your new product development and the widespread use.

Lastly, I would like to express my sincere hope for the continued success and development of our members. Thank you.