

Happy New Year!

As we welcome the new year of 2024, I would like to extend my New Year's greetings.

First of all, regarding global economy and market trends surrounding the engine industry since last year, although the COVID-19 has subsided (downgraded to Class 5 infectious diseases), the outlook is highly uncertain due to the impact of the global credit squeeze, concerns about the Chinese economy prospect, the prolonged situation in Ukraine, and the situation in the Middle East.

Our association celebrated its 75th year anniversary last May 2023. As the most important activities of this fiscal year, LEMA has promoted the following three major points on the agenda as the most important activities of this fiscal year: (1) updating the scenario for carbon neutrality, (2) publishing the 75th year anniversary magazine "LEMA's 75 Years of Progress and Future Prospects in Statistics", and (3) moving LEMA office due to the aging of the building.

(1) As part of our efforts to achieve carbon neutrality, in March last year, we updated the land use engines Carbon Neutral Scenario, which we created and published on our website two years ago. In this scenario, we estimated electrification will increase depending on the application, but the internal combustion engines will be essential in non-electrified areas. Last year, at the 23rd Technical Forum 2023, hosted by LEMA, we gave lectures on OME, a synthetic fuel, and e-fuel, which is synthesized from hydrogen and CO₂, to deepen discussions on carbon neutral fuels. E-fuel and hydrogen, which are considered carbon neutral, still have many issues in terms of supply and cost. We will continue to gather information while exchanging opinions with each energy industry and discuss with our members to brush up on the carbon neutral scenario of the industrial engine segment.

(2) The 75 year anniversary magazine is on schedule to be published within this fiscal year. We hope that you will be able to understand the future prospect from the perspective of social trends and industry trends over the last 10 years.

(3) Regarding the relocation of the LEMA office, the new office has also been decided and the relocation is scheduled for February this year. We expect to contribute further to the industry from the new office after the move from the current 61-year-old building.

Next, I would like to explain the production results of the land use engines handled by LEMA last year. LEMA publishes its monthly production results on our website. The year before last, from January to December 2022, total domestic and overseas production totaled 13.37 million units (91% year-over-year), a decrease of approximately 10% from 2021 (14.7 million units), when production recovered significantly amid the COVID-19 pandemic. From January to September 2023, total production was 8,157,000 units (79% year-on-year). The breakdown was 6,541,000 gasoline engines (76%), 1,536,000 diesel engines (96%) and 79,000 gas engines (100%). If production continues at this pace, total production is expected to fall below 11 million units for the first time since 2002, reaching 10,875,000 units (81% year-over-year) from January to December 2023.

Amid of major changes toward carbon neutrality, significant changes has emerged, particularly in gasoline engines.

Also, regarding carbon neutrality, which I mentioned earlier, I believe that fuel, that can achieve carbon neutrality, and further efficiency increase of the internal combustion engine itself will continue to be our major themes. I hope that you will continue to support us as we share information among our members, related organizations, universities, and research institutes, to make internal combustion engines carbon neutral.

Last but not least, I would like to express my heartfelt for a good 2024 for all of you and wish you all the best for your continued prosperity and happiness.