

market can be expected to rebound once the leadership issues are resolved, with sales resuming an upwards trend.

Table 14: Thailand Annual vehicle sales (by Sales brand) 2013 and 2018

Sales Brand	2013	2018
Toyota	425278	433321
Honda	195418	160630
Isuzu	187841	222918
Nissan	100791	91809
Mitsubishi	100142	124608
Chevrolet	61047	49959
Mazda	56360	58015
Ford	49440	70222
Suzuki	45863	59323
Mercedes-Benz	12716	11585

Source: IHS Automotive

Internal supply network

Honda sets a priority on using parts and components delivered from the region surrounding a production plant and this pattern is further applied to internal sourcing. This means that the parts sourced within the Honda network that are used for volume vehicle production, predominantly engine parts, shafts, transmissions, brake parts and exterior plastics, are made and/or assembled onsite or at a company location in the same region.

This pattern is readily identifiable across the network of 19 Honda vehicle and part production plants in the United States. The Anna plant, which represents a total investment of USD2.0 billion, is the largest single Honda engine plant in the world and a facility that regularly produces almost 1.2 million engines per annum. The plant is located in close proximity to the Marysville and East Liberty assembly lines that together comprise Honda of America Manufacturing (HAM), but engines and parts are also shipped to the Honda plant in Greensburg, Indiana. In addition, the facility also produces driveshafts, camshafts and brake parts to the tune of 2 million parts per annum.

The HAM complex is further supported by the USD75 million Russel's Point, Ohio facility, which is dedicated to delivering transmissions for application across both production sites. Officially known as Honda Transmission Manufacturing of America, the site has an annual production capacity of 100,000 transmissions, 328,000 transmission gear sets and 150,000 four-wheel drive systems.

Honda has expanded its internal supply network as it has extended the national manufacturing footprint. Case in point is the assembly site in Lincoln, Alabama which, with a maximum annual output of 300,000 vehicles, further incorporates a 300,000 unit per annum plant producing V6 engines. Honda Precision Parts of Georgia is across the nearby state line in Tallapoosa. With investment reaching USD230 million, this plant also has the capacity to deliver 300,000 transmissions.

Honda was the first foreigner to produce both engines and transmissions in the United States. Since 2002, Honda has maintained a 75% or greater average of locally-sourced parts – a figure which reached 94% in 2013. This is largely related to the internal production of engines and powertrain parts. As the Japanese carmaker has expanded its activities across the US, it has organically augmented capacity as marketshare has grown. This progression has served to entrench the Honda brand in the US marketplace, a key motivator in the buying decision process and the exact opposite of building a 300,000 up a plant, look for customers and then deeply discounting product just to move it out of dealer stock.

Outside North America, Honda is looking to support local manufacturing plants with regional supply hubs. An example of this is in India, where the Tapukara plant in Rajasthan will increase production of engine parts and manual transmissions. These parts and components will be shipped to Honda production plants in higher-cost regions as part of a cost-reduction strategy involving sourcing in low-cost regions, while also being applied to vehicles produced in-country for the local market and regional export.