

Defying recession, Japan's green cars surge in popularity

June 4 2009, by Kimiko de Freytas-Tamura



A man looks at the third-generation "Prius" of Japanese auto giant Toyota Motor at a showroom in Tokyo in May 2009. Toyota Motor Corp's latest edition of the Prius hybrid became Japan's best selling car in monthly sales in May, pulling ahead of its rival, Honda's Insight, an industry survey showed Thursday.

Defying the worst recession in decades, green cars in Japan are gaining ground against conventional gas-guzzlers, offering automakers hope of re-energising a flagging domestic market.

Toyota Motor Corp's latest edition of the Prius hybrid became Japan's best selling car in monthly sales in May, pulling ahead of its rival, Honda's Insight, an industry survey showed Thursday.

The re-modeled Prius ranked number one in sales, which climbed to 10,915 last month and above the company's monthly target, against

8,183 for the Insight, the Japan Automobile Dealers' Association said.

Both automakers launched hybrids amid a severe [economic downturn](#), but they topped domestic sales for the second straight month, in part due to government subsidies including tax breaks for buyers of fuel-efficient cars.

Honda's Insight clinched the top spot in April.

[Toyota](#), the world's leading automaker, which booked its first-ever loss last fiscal year, rolled out the third-generation hybrid in mid-May, competing against the Insight which debuted in February with a lower price tag.

Toyota has sold more than 1.25 million Prius vehicles since its launch in 1997, making it the world's most popular hybrid, but faced with growing competition from Honda, slashed the price of its latest model.

The revamped Prius has solar panels in the roof to power the ventilation system, a 1.8-litre petrol engine and an electric-powered water pump.

Commenting on the May sales figure, Toyota's chief engineer of the new model, Akihiko Otsuka, said: "Of course the sales figure is supported by incentives... but I'm not pessimistic about the future as I see that our customers' interests in cars in general has come back."

In a bid to maintain its lead in fuel-sipping cars, Toyota announced Wednesday that it will lease 200 plug-in Prius hybrids to fleet customers in Japan from late 2009, and another 150 in the US and more than 150 in Europe.

The [plug-in hybrids](#), to be equipped with lithium-ion batteries for the first time, can be recharged at electric outlets in households. Similar

light-weight batteries are used in laptops and other consumer electronics.

Used as an electric vehicle for short distances, a plug-in can switch to operating like a regular hybrid when the battery runs out of power.

Meanwhile, Japan's fourth-largest automaker Mitsubishi Motors Corp, which aims to be a world leader in zero-emission electric vehicles, plans to sell plug-in vehicles in Japan as early as 2013, the Asahi Shimbun said.

The plug-in will be equipped with a petrol engine that will generate electricity to power a motor when the batteries die, the newspaper said without citing its sources. A spokesman was unable to confirm the report.

MMC is expected to roll out the electric i-MiEV vehicles to fleet customers in Japan in July this year and to retail customers next year.

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