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Toyota Passes General Motors As World's Largest Carmaker

By Kendra Marr
Washington Post Staff Writer
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Toyota has snatched the title of world's largest automaker from [General Motors](#), speeding past the Detroit front-runner for the first time in 77 years.

Toyota outpaced its rival to sell 8.972 million cars and trucks around the world in 2008, about 616,000 vehicles more than GM's final tally of 8.356 million.

The global economic meltdown tempered the race. Worldwide sales across the industry fell by 3.5 million vehicles. Toyota reported on Tuesday that its global sales slid 4 percent last year, its first such sales decline in a decade; GM posted an 11 percent decline yesterday.

GM has been attempting to shrink its operations to cope with the worst U.S. auto market in more than two decades. It must submit its restructuring plan to Washington by March 31 to prove its viability and hold on to the government loans it recently received.

The struggling automaker is counting on stimulus packages from governments around the world to help boost sales. If approved, these packages could pump up sales by more than 1 million vehicles worldwide this year, according to a company analysis.

"The auto stimulus combined with the aggressive easing of monetary policies and sharply lower energy and commodity prices should be able to budge some support for the global economy and pave the way for gradual recovery," said Michael C. DiGiovanni, GM's executive director of global market and industry analysis, in a conference call yesterday.

Still, the automaker expects grim first-quarter sales. Last week it cut its annual U.S. sales forecast to 10.5 million vehicles from a range of 10.5 million to 12 million. Many analysts predict auto sales won't recover until 2012 at the earliest. U.S. sales totaled 13.24 million vehicles in 2008, a sharp decline after hovering around 16 million for much of the past decade.

GM said much of its sales decline was in North America, where 379,000 fewer vehicles sold in 2008 than a year ago. The 21 percent slide contrasted with record sales in markets such as Asia, Latin America, Africa and the Middle East.

Last month GM was promised a \$13.4 billion loan from the U.S. government, buying it time to restructure operations. Yesterday, GM said it received a \$5.4 billion second installment on that loan, raising the total received so far from the Treasury to \$9.4 billion.

"We really want to drive our break-even point down, as well as low can get it," DiGiovanni said. "We're going to use this crisis as an opportunity to really get incredibly lean, and do the things that we finally have an opportunity to do with our partners, UAW, the dealers, of government all working together."

Toyota is also hurting. The Japanese automaker said it expected to report the first operating loss in its history for the year ending March 31.

Toyota announced Tuesday that executive vice president Akio Toyoda, a grandson of the automaker's founder, will become president in June. Katsuaki Watanabe, who took the wheel of the company in 2005, will become vice chairman.

"All the brands are reevaluating right now," said George Augustaitis, a market analyst for CSM Worldwide.

GM took the world's largest auto manufacturer title from Ford in 1931. Two years later, Toyota began making cars.

Toyota's smaller, fuel-efficient cars have appealed to consumers during spikes in gas prices. Through the '70s and '80s, GM's quality declined as Asian competitors made a name for themselves in reliability. Toyota has since aggressively entered the truck and sport-utility market to grow itself as a full-line manufacturer. In the United States, Toyota's sales have slowly chipped away at Chrysler, then Ford.

In recent years Toyota and GM have traded first and second place for a number of quarters. Many analysts believed Toyota would pull ahead in annual sales in 2007, but GM fended off its Japanese rival by 3,000 vehicles.

Last year Toyota was finally able to chase down GM.

"All of a sudden with the rumors of GM going through tough times, people were nervous about the GM brand," Augustaitis said.

Toyota spokeswoman Zoe Zeigler played down its win yesterday.

"We're not focused on ranking, but customer needs," she said. "We want to be No. 1 in quality, not quantity sales."

DiGiovanni brushed off the title's implications.

"I don't think being number one in vehicle sales means much at all to the average consumer," he said. "It's an internal benchmark of our industry, but it really doesn't mean anything to the consumer. I think what matters most to the consumer is strong brands and strong products. And the key thing right now, with what the industry is going through, is that everybody needs to be focused on viability and profitability."

The news did force one change: GM typically closes official statements by trumpeting its title as the "world's largest automaker." Yesterday it changed that moniker to "one of the world's largest automakers."

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