

# Toyota's factory shutdown exposes the effect of technology loopholes on global production

Article

**The news:** Toyota, the world's number-one car manufacturer, was forced to shut down all of its Japanese factories on Tuesday due to a production system malfunction.

**How we got here:** A computer glitch is preventing Toyota from ordering components, resulting in stalled domestic output.

Earlier this year, [Toyota's cloud services platform leaked critical data belonging to 2.15 million users in Japan over a decade](#), exposing some carmakers' difficulties in pivoting to tech.

- Toyota suspended 14 factories in Japan as it investigated the glitch, with the company saying it is "likely not due to a cyberattack."
- Toyota's domestic plants are responsible for one-third of its global production, although it was unclear how much output would be lost.
- Toyota's Japan output averaged 13,500 vehicles produced daily in the first half of 2023, per Reuters. This excludes vehicles from its **Daihatsu** and **Hino** subsidiaries.
- This isn't the first time Toyota has had to cease domestic production; it shut down all its factories in 2022 [due to a suspected cyberattack](#).

**Just-In-Time manufacturing in focus:** Toyota, which pioneered Just-In-Time manufacturing, directs parts arriving from suppliers straight to the production line rather than stockpiling them.

- The downside of this system is that there's little to no excess inventory in times of emergencies.
- The shutdown comes after a pandemic-related shortage of computer chips and auto parts stalled production in the region.
- Toyota's domestic production rose 29% in the first half of the year, as it rebounded from the slowdown related to semiconductor shortages.
- The company is targeting sales of 1.5 million EVs in 2026.

**What's next?** Toyota will restart domestic production today by resuming operations at 25 lines of a dozen plants in its home market. The company will likely try to double down on lost production by running extra shifts.

"Output was running at full capacity, so there's little additional room for production," said **Seiji Sugiura**, an analyst at **Tokai Tokyo Research Institute**.

**Top 5 US Automotive Brands TV Ad Spending, May 2023**

millions

Kia	\$17.2
Lexus	\$13.2
Toyota	\$12.2
Ram Trucks	\$11.4
Chevrolet	\$11.1

Note: estimated  
Source: iSpot.tv as cited by MediaPost, June 12, 2023