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Japan Cuts Off $2Bln Used-Car Exports to Russia – Reuters

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Used cars from Japan in the Far East port city of Vladivostok. **Yuri Smityuk / TASS**

Japan has cut off a lucrative $2-billion backchannel for used-car exports to Russia, Reuters reported Monday, citing trade data and market participants.

Japan, the world's leading used-car exporter, initially banned the export of luxury vehicles and heavy trucks to Russia after Moscow invaded Ukraine last year.

In August, Tokyo expanded the ban to include new and used cars with gasoline and diesel engines above 1.9 liters, as well as hybrids and electric vehicles, in alignment with EU sanctions.

The new ban drove down prices for second-hand vehicles in Japan and forced brokers to seek out destinations other than Russia, according to Reuters.

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Before introducing the sanctions, Japan accounted for more than half of the 303,000 used cars exported to Russia between January and August this year, according to the Russian analytical agency Autostat.

Reuters estimates that Japanese used-car sales were on track to top $1.9 billion in 2023 before the Russian backchannel was suspended.

SV Alliance, a used-car export company whose profits boomed following the invasion of Ukraine, told Reuters it saw a 70% decline in business after the ban.

Russia's demand for used Japanese cars, including Toyota, Honda and Nissan, surged after global automakers suspended Russian operations after the outbreak of war in February 2023.

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