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## OVERSEAS

## BULLETIN



## Yulon may team up with Geely to sell cheap cars

(2009-01-01)

Yulon Motor Co, Taiwan's largest automaker by market value, plans to team up with mainland-based Geely Automobile Holdings Ltd to build budget cars with prices below NT\$350,000 (\$10,600), hoping to boost sales.

Yulon Motor is mulling importing auto parts from Geely, which specializes in producing small budget cars. The cars are to be assembled at Yulon's Sanyi plant in Miaoli, northwest of Taiwan Island and would be sold under Yulon's brand through non-conventional channels, such as used car dealers, in a bid to differentiate from its existing distribution channels and cut distribution costs.

Yulon is also planning to introduce various Geely small passenger cars into Taiwan. The cars would have engine capacities between 1 liter and 1.5 liters and prices between NT\$163,000 and NT\$260,000. If realized, Geely's models would be the first mainland cars to be sold in Taiwan.

## GM uses Chinese success to reinvent LaCrosse

(2009-01-05)

With help from its design team in China, General Motors Corp (GM) is trying to reinvigorate the Buick brand with its 2010 LaCrosse luxury sedan.

Due to Buick's popularity in China, the company's design team took the lead in remodeling the LaCrosse, said Russ Clark, GM's executive director of product for Buick, Pontiac and GMC. "We've learned there's a lot of matching (in North America) to what the Chinese market might expect out of Buick," he said. "They were keenly involved in the vehicle, particularly the interior design, the amount of space and room and attention to detail in the backseat."

Clark said Buicks in China are often used to carry company executives, hence the attention to detail in the backseat in terms of comfort and accessories. Options on the LaCrosse include a rear-window power sunshade and 2 seatback display screens connected to a DVD system.

## Chrysler stops making 300C, Sebring in China

(2009-01-13)

After its withdrawal from the Beijing venture and failure of partnership talks with Chery Auto, US automaker Chrysler LLC will not produce any more of its 300C and Sebring sedans in China after their current inventories are sold out. The 2 Chrysler sedan models will then be imported to the Chinese market for sale.

On January 6, Tangshan Pangda Auto Sales Group in Hebei province bought the 1,411 China-made Chrysler 300C sedans and 1,863 China-made Chrysler Sebring sedans left in the inventories of Beijing Benz-DaimlerChrysler Automotive Co Ltd and will cut their retail prices to sell them out by September this year.

## Miles Automotive aims big with China outsourcing

(2009-01-13)

US-based Miles Automotive Group will have 25 prototypes of its all-electric, full-sized Highway Speed Sedan tested in the United States, Europe and China in January this year.

China's Hafei Motors Co is to assemble the Highway Speed Sedan locally in China and Tianjin Lishen Battery Joint-Stock Co is to supply rechargeable lithium-ion batteries for Miles. The company expects Tianjin's batteries will give the sedan a range of about 160 km after a charge between 4 to 6 hours.

And through outsourcing its assembly work to China, the US company claims to have a big advantage over established automotive companies like Nissan Motor and other potential startup competitors in the field.





## NEW MODELS



### Brilliance launches 2 new sedan models

(2009-01-02)

Brilliance Auto unveiled 2 self-developed sedan models, the Zhonghua Splendor Wagon, priced between 108,000 yuan (\$1,581) and 159,800 yuan, and the 2009 Zhonghua Grandeur, between 125,800 and 249,800 yuan. The carmaker's chief executive officer (CEO) and president Qi Yumin said the debut of these 2 high-priced car models met the government's demand, and the company wants to set foot in the domestic medium- and high-end vehicle market.

### New Mini Cooper convertible to make China debut

(2009-01-04)

The new-generation Mini Cooper convertible will make its China debut at the 2009 Shanghai Auto Show in April to start its import to the Chinese market. The Mini electric model, Mini E, will be imported to China later.

The new-generation Mini Cooper convertible will be unveiled at the Detroit Motor Show in January with an evolutionary design concept, a more economical engine and other improvements. In addition, the new Mini Cooper convertible will be offered with several additional color combinations and options, according to BMW, which owns the subsidiary.

Two engine options will be available initially. The Mini Cooper is powered by a 1.6-liter engine with a power output of 88 kW, while the Mini Cooper S, fitted with a twin-scroll turbo loader, has a power output of 128 kW. The 2 models will also have the 6-speed manual and automatic transmissions. According to BMW, fuel consumption has been reduced by up to 23 percent compared to predecessor models because of start-stop and other fuel-saving technologies.

Like its predecessor, the vinyl roof comes with an integrated sunroof function. The soft top can be opened automatically at a speed of up to 30 km/h in just 15 seconds. The rear seat has an easy-load function and when folded down increases the load volume to 660 liters.

### Youngman Auto to roll out all-new SUV

(2009-01-05)

Youngman Automobile Group Co, one of China's leading manufacturers of luxury buses and commercial trucks, will roll out Chinese-made RCR (with Chinese name of Jingsu) in the second half of this year and introduce the sport utility vehicle (SUV) produced on the Lotus platform to the Chinese market.

The automaker will focus on building 2 production bases located in Tai'an, Shandong province and Xiaoshan, Zhejiang province in 1 or 2 years. The output and sales target of Youngman Auto is fixed at 30,000 to 50,000 units for 2009.

### Sinotruk launches HOWO-A7 heavy truck

(2009-01-06)

China's largest heavy-truck maker Sinotruk launched its latest heavy-duty truck HOWO-A7 in Chongqing, selling at between 257,000 yuan (\$37,628) and 330,000 yuan. The HOWO-A7 is mated with an intelligent 16-speed automatic manual electronic controlled transmission (ECT) jointly developed by Sinotruk and world-leading vehicle control system maker WABCO. It is the first China-made heavy truck with automatic manual transmission.

### Porsche Panamera to make world debut in China

(2009-01-08)

Porsche has chosen China for the world debut of its new 4-door Panamera model at the Shanghai Auto Show in April. To rival the Maserati Quattroporte and the Mercedes CLS, the Panamera, which will come with the two options of rear-wheel drive and 4-wheel drive, will be the fourth model in the Porsche line-up alongside the 911, Boxster and Cayman.

Initially there will be V6 and V8 gasoline engines with power outputs ranging from 224 kW to 373 kW. But in due course there will be a hybrid. Depending on the model, power is transmitted via a 6-speed manual transmission or 7-speed double-clutch gearbox, which will be available as an option on all models.

## Dongfeng Peugeot to add 4 new models by 2010

(2009-01-08)

Dongfeng Peugeot will start production of 4 car models, including the Peugeot 407, 607, and 207 hatchback, within the coming 2 years to boost market share in the world's fastest-growing auto market, according to the joint venture's vice general manager Tang Teng.

The 207 hatchback will be powered by a 1.4-liter or 1.6-liter 4-cylinder engine and will feature the same appearance as European editions. Sale of the current Peugeot 206 will be halted after the 207 hatchback is introduced. Dongfeng Peugeot expects its sales in 2009 to grow 20 to 30 percent by relying on 2 new models, but it will be cautious about launching any new model in the first half of the year.

## Hafei Saibao electric car to sell in US

(2009-01-09)

Hafei Automobile Group said it will start mass production of its high-speed Hafei Saibao electric car in late 2009, when the car is also expected to be sold in the US market.

The Saibao electric car, developed jointly by Hafei Auto and Tianjin Qingyuan Electric Vehicle Co, is mounted with lithium ion traction batteries and will become the first pure-electric vehicle to realize mass production worldwide.

The car passed the test by Insurance Institute for Highway Safety (IIHS) of the US in late August last year, as China's first own-brand car that has successfully passed the crash test.

## Dongfeng to launch 2 new sedan models

(2009-01-09)

Dongfeng Motor Corp plans to launch 2 sedan models EQ7240 and DFM7160 under its own brand in the first half of this year. The 2 models were developed by Dongfeng's 51 percent-owned joint venture in Shandong and its own engineers based in Wuhan, Hubei province.

The EQ7240 is a sporty sedan with a 2.4-liter gasoline engine, while DFM7160 is a 1.6-liter gasoline sedan. Dongfeng will debut the 2 models at the Shanghai Auto Show in April.

## Great Wall Motor to launch 10 new vehicles in 2009

(2009-01-14)

Great Wall Motor Co is speeding up new product launches to meet the potential domestic market demand for smaller SUVs. In 2009, the largest SUV maker in China plans to launch 10 vehicles including 5 SUVs, 2 pickups and 3 cars in 2009, said the company's spokesman Shang Yugui.

Three of the 5 SUVs will be fitted with engines of below 1.5 liters. A 2.0-liter gasoline version will be added to its Hover SUV series products. The Hover SUV has a 2.4-liter gasoline version as well as the 2.8-liter and 2.5-liter diesel versions.

The 3 new cars will be fitted with engines smaller than 1.5 liters and the 2 pickups will have engines smaller than 2.5 liters, according to Shang. Great Wall Motor will work harder to explore the second and third tier domestic cities this year, said Shang. The number of Great Wall Motor's dealerships in China will increase to 550 later this year from the current 450.

# NEW MODELS



## NEW MODELS



### Jianghuai to roll out 2 all-new car models

(2009-01-14)

Jianghuai Automobile Co Ltd will launch 2 all-new car models in 2009 and the company aims to sell 200,000 passenger cars annually by 2011.

The company will release an A-class sedan model in mid-2009. The model will have the 1.6-liter and 1.8-liter editions, to be priced between 80,000 yuan (\$11,700) and 100,000 yuan. At the end of this year, Jianghuai will launch an A0-class car model. It will focus on the 1.0-liter edition and will be cheaper than Jianghuai's first sedan model Tongyue.

The Tongyue was launched at the Guangzhou Auto Show in late November 2008 and is priced at 49,800 yuan to 66,800 yuan. Sources said that the Tongyue sedan model will have an automatic version available in April this year and meanwhile a 1.5-liter Tongyue hatchback model will go on sale. The 1.3-liter Tongyue model will contribute most of Jianghuai car sales.

### Hyundai's new limo to reach China

(2009-01-15)

Hyundai Motor Co unveiled its super luxury sedan, code-named VI', in the South Korean market on January 4 this year. The VI limousine will likely come to the China market in the second half of 2009.

Targeting at the Mercedes-Benz S-series, BMW 7-series, and Lexus LS-series, VI is different from the Hyundai Rohens, Hyundai's latest luxury sedan model for China, which rivals with Mercedes-Benz E-series, BMW 5-series and Lexus GS-series. The VI will measure 5,160 mm in length, 1,900 mm in width and 1,495 mm in height. It will come with a 3.8-liter Lambda V-6 engine while the 4.6-liter Tau V-8 will be offered as an option.

### Lexus GS450h hybrid sedan comes to China

(2009-01-21)

Toyota's premium brand Lexus added the Lexus GS450h hybrid sporty sedan to its luxury lineup in the Chinese market yesterday. As the third Lexus hybrid sedan brought to China after the RX400h and LS600hL, the GS450h hybrid is priced at a hefty 898,000 yuan (\$131,500).

The GS450h is powered by a 3.5-liter V6 engine with a maximum output of 253 kW, allowing the model to accelerate to 100 km/h in 5.2 seconds.

Toyota Motor expects sales of its luxury cars to grow 3 to 5 percent in China this year, and was upgrading its brand image and distribution network in the Chinese market. There will be 70 Lexus dealerships in China by the end of this year, a big increase from the current 45.

Different from German luxury brands such as BMW, Benz and Audi, which are speeding up localization in China, Toyota has no plan to mass produce its Lexus cars in the country so far.

### New BMW Z4 to go on sale in China

(2009-01-22)

The new BMW Z4, which made its global debut at the 2009 North American International Auto Show, will likely go on sale in China in the second half of this year. A senior executive of Brilliance BMW said that the new Z4 would be introduced soon after its global debut to replace the current generation of Z4 model on sale in the Chinese market.

The BMW Z4 is a stylish roadster built in Germany and will be coming out in May 2009. It has 2 different engine choices. The 35i has a maximum power output of 224 kW and the 30i has 190 kW. The new Z4 is able to accelerate to 100 km/h in 5.1 seconds. The model is a gasoline-only car with a warranty of 4 years or 80,000 km.

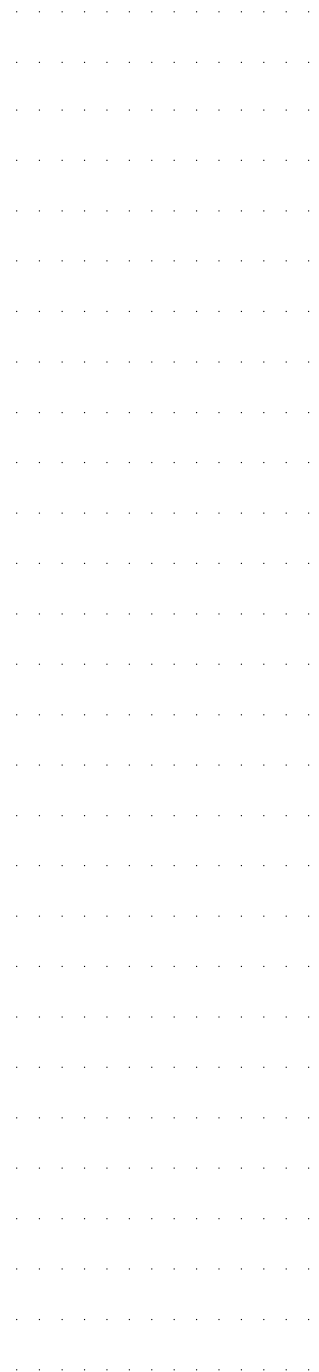
## '09 Roewe 750 sedan to go on sale in February

(2009-01-23)

Shanghai Automotive Industry Corp (SAIC) will launch its 2009 Roewe 750 model in February to boost its growth in the sedan market. The all-new car will have the 1.8T and 2.5V6 editions.

As the first model of SAIC's Roewe brand derived from British Rover that SAIC bought the rights in 2005, the Roewe 750 features a unique fusion of Chinese and European elements and has become more competitive in China's medium- and high-end sedan market.

# NEW MODELS



PRICE

&amp;SALES



## Car buyers waiting for proposed tax cut

(2009-01-08)

Potential car buyers are delaying their purchases until a proposed new tax cut is passed, hurting dealers' sales in what is traditionally the busiest season of the year.

More than 90 percent of the 10,000 respondents to an online survey by Sinotrust, a leading automobile industry research company, said they would not purchase vehicles before the tax cut, and 77.6 percent of the respondents said they would switch to buying small cars to benefit from the proposed tax concession.

The current car purchase tax is 10 percent regardless of engine size. The proposed new tax will trim 1 to 8 percent off the rates for vehicles with engines no bigger than 4 liters. In addition, "the government is considering canceling the purchase tax on passenger cars with engines smaller than 1.6 liters", said Wang Chuanfu, president of BYD Auto.

Many customers who have purchased cars are asking for delivery postponement. "Those consumers hope to take their vehicles after the purchase tax is reduced so they can save some money," explained Hao Wei, deputy general manager of a Hyundai 4S store.

## Lack of financing puts majority of dealers in red

(2009-01-15)

Many auto dealers in China are suffering from financing problems and some might be in danger of bankruptcy this year. A majority of dealers were unprofitable in 2008 with about 60 percent in the red, said the survey by Lianxin, an independent research company. It polled 1,252 dealers across the country of 21 domestic and foreign brands.

China last year posted the lowest growth in car sales in 10 years as consumers' economic confidence was dampened. Wang Kun, an official in charge of the research, said financing capability is vital to a car dealer in such a depressing market. A 4S store needs a capital flow of up to 10 million yuan a month, so loans have become an increasingly popular approach for financing.

Since last July, several car dealers or 4S stores in Zhejiang and Shanghai have shut down due to their failure to repay the loans. However, many car dealers may find access to loans more difficult in 2009 because banks will impose stricter inspection on the company's capital flow before offering credit.

The survey showed 79.8 percent of dealers worry that banks may increase the thresholds for loans, and 92 percent feared that downgrading by any financial institution may make others follow suit. The survey also showed only 17.3 percent of dealers were "satisfied" or "relatively satisfied" with their fiscal capability. Over 70 percent said they had used private financing with a higher interest rate.

Reshuffling is also a buzzword in the car market this year, the survey found. Most dealers agree the market is unlikely to pick up in the first half of this year. Over half of the dealers said they would not refuse acquisitions or mergers and 39 percent "anticipate to be merged".

## China's auto prices continue to fall in Dec 2008

(2009-01-16)

Vehicle prices in China fell further in December 2008, reflecting an aggressive effort by automakers to clear out 2008 inventories, according to price monitoring data from the country's top economic planner.

China's National Development and Reform Commission has unveiled China's auto price monitoring data collected from 36 major Chinese cities in December 2008, showing that domestically built vehicle prices fell 1.04 percent month-on-month but up 0.60 percent from the same month in 2007.

China-made passenger vehicle prices fell 1.26 percent month-on-month and 1.17 percent year-on-year, marking a third straight monthly drop. Commercial vehicle prices fell 0.57 percent month-on-month but up 3.02 percent year-on-year.

Imported vehicle prices fell 0.50 percent month-on-month but up 5.11 percent year-on-year, of which prices of imported sedans declined 1.39 percent month-on-month while prices of imported SUVs went up 0.68 percent month-on-month.

**FAW-Volkswagen abandons direct selling**

(2009-01-16)

FAW-Volkswagen Automotive Co Ltd yesterday closed down its brand experience center located in the southern Chinese city of Guangzhou, Guangdong province, waving a farewell to the direct selling mode.

Inaugurated in December 2006, the FAW-Volkswagen Brand Experience Center is able to contribute about 3,000 units to the joint-venture carmaker's sales annually, but it brought about much negative influence on other FAW-Volkswagen dealerships.

In 2009, FAW-Volkswagen will form a closer partnership with its sibling Shanghai Volkswagen to rival with 2 Sino-Japanese joint venture carmakers, GAC Honda and GAC Toyota.

**Auto sales incentives warm up car market**

(2009-01-18)

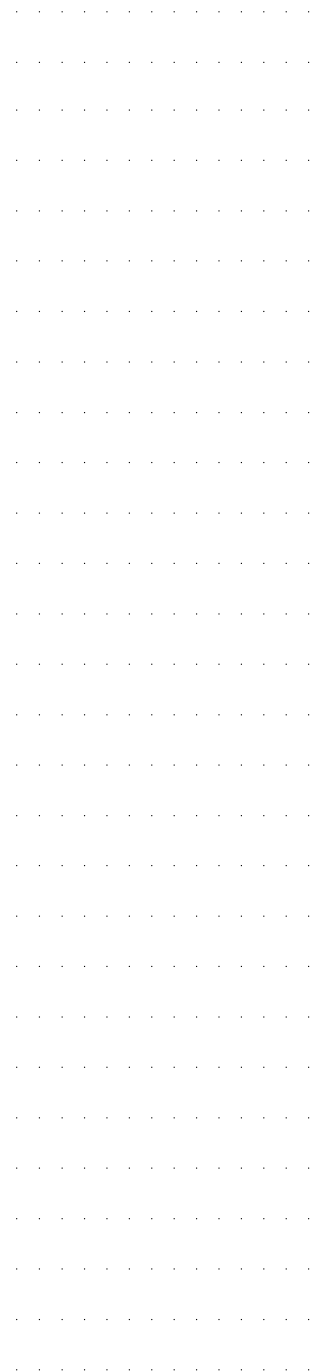
Despite gloomy sales in the second half of 2008, China's auto market started to warm up as 2009 dawned and the Chinese Lunar New Year approached. Prices have been cut and favorable credit sales policies expanded to lure customers into showrooms.

Sales at Beijing Asian Game Auto Market, the biggest of its kind in China, have jumped since last December with the momentum continuing into January. Some 800 cars are sold every week, over 40 percent more than the same period last year. Retailers said they were keeping the prices low as an effort to shore up sales.

But most dealers have stopped those handsome year-end clearance discounts. They now offer fresh credit sales policies, allowing buyers to get no-interest loans. With a credit card, plus property and income statements, buyers can borrow up to 70 percent of a car's price and set the period of the loan for as long as in 3 years.

This is becoming more popular, but with only 10 percent of car buyers in China financing vehicles through banks, compared to 85 percent in the US. Dealers said the world's second largest auto market still has a long way to go in encouraging people to use credit.

PRICE  
&SALES



AUTO  
EVENTS



**Dongfeng Motor sets up Wuhan plant**

(2009-01-01)

Dongfeng Passenger Vehicle Co Ltd, a subsidiary of China's third largest automaker Dongfeng Motor Co, has completed construction of its Wuhan plant as planned and is to start trial production. The Wuhan plant will manufacture economy and middle-grade sedans, with the first model of a 1.6-liter sedan.

**AVIC invests in Liuzhou special vehicle maker**

(2009-01-01)

China Aviation Industry Group Corporation (AVIC), the parent of Hafei Auto and Changhe Auto, has invested 75 million yuan (\$11 million) in Liuzhou Chenglong Special Purpose Vehicles Co Ltd in the Guangxi Zhuang Autonomous Region.

This move is intended to build a larger manufacturing base of special vehicles in South China. The facility, located at the Yanghe Industrial Park of Liuzhou city, is expected to have an annual production capacity of 15,000 special vehicles.

The 75-million-yuan investment is jointly made by AVIC Jincheng Group and AVIC Investment Co Ltd, holding 37.47 and 13.53 percent shares respectively in Liuzhou Chenglong. The other 49 percent will be held by Guangxi Fangsheng Industry Co Ltd.

**Geely aims to drive up sales by 25% in 2009**

(2009-01-04)

Geely Automobile Holdings Group said it aims to boost vehicle sales by 25 percent this year as it introduces new models and taps government incentives to revive the slumping domestic auto market.

The private car maker plans to sell 281,000 units this year, against nearly 225,000 units in 2008. Geely will add 8 models to its product line-up this year.

**Chery holds high hopes for US market**

(2009-01-05)

The global financial crisis has brought the US auto industry to the brink of bankruptcy but hasn't dampened Chinese automakers' ambitions to expand into the American market. Chery Auto will attempt to export sedans to the US independently after the global economic slowdown scuttled a cooperation agreement signed with American automaker Chrysler in 2007.

The company said it is studying the feasibility of exporting its A1 model to the US. Chery's A1 model is one of its most successful mini-cars and is exported to over 60 countries and regions, mostly emerging markets such as Russia and the Middle East.

Its aspirations for the US market suffered a major setback when the joint project with Chrysler to develop economy cars for sale in the US was halted due to the global economic environment and subsequent changes in each company's internal strategy. But Chery said it remains cautiously optimistic about its export business in 2009 and will continue seeking foreign cooperation to expand into overseas markets.

"Chinese cars will gain world recognition only when they possess the quality of European cars, service of Japanese cars and a price lower than anyone else," said Zhang Xiaoyu, vice-president of the China Machinery Industry Federation.

## SAIC injects \$19.69m into Ssangyong Motor

(2009-01-06)

Shanghai Automotive Industry Corp (SAIC), China's largest carmaker, has agreed to allocate 25.9 billion won (\$19.69 million) to the troubled Ssangyong Motor. The financing is "part of the payment of an established new product development project," SAIC said in a statement.

SAIC, which acquired a 51.33 percent stake in the ailing South Korean automaker in 2004, hoped "the project could help Ssangyong to soothe the pressure from tight cash flow in short term", the statement said.

However, the fund is not enough to save Ssangyong from the net loss of more than 100 billion won in 2008 it reported on December 23 due to a slump in demand. Ssangyong employees were expecting the capital to be used for their delayed salaries, totaling 29 billion won for 8,000 staff.

## Beiqi Foton, Daimler to form \$929m truck JV

(2009-01-07)

China's largest commercial vehicle maker Beiqi Foton has agreed with Daimler AG to form a joint venture with total investment of 6.35 billion yuan (\$929 million). The 50-50 joint venture, named Beijing Foton Daimler Automotive Co, will be established in August. It will start producing engines in 2011 and trucks in 2012. It is expected to sell medium- and heavy-duty trucks in China and overseas markets.

## Changan Auto has new president

(2009-01-08)

Yin Jiaxu, Changan Automobile Group's director and president, is leaving his post and will be succeeded by Zhu Ronghua and Xu Liuping.

Yin Jiaxu, born in April 1956, took his post in Changan Auto from September 14, 1998 and has since carried out a lot of reforms. During his presidency, Changan Auto has become the fourth largest auto group in China from a small enterprise with an annual output of less than 80,000 units. Up to the end of November, Changan Auto produced 700,000 vehicles and sold 696,000 units in 2008.

## Beijing Hyundai says no slowdown in production

(2009-01-09)

Beijing Hyundai Motor Co said it had not receive any message from Hyundai asking it to cut production and that everything is going on as scheduled.

Sales data shows Hyundai has not been seriously affected in the Chinese market by the economic crisis as in elsewhere of the world. Beijing Hyundai was the second fastest growing passenger car maker in China in the first 11 months of 2008, with sales rising 28.6 percent year-on-year to 266,347 units.

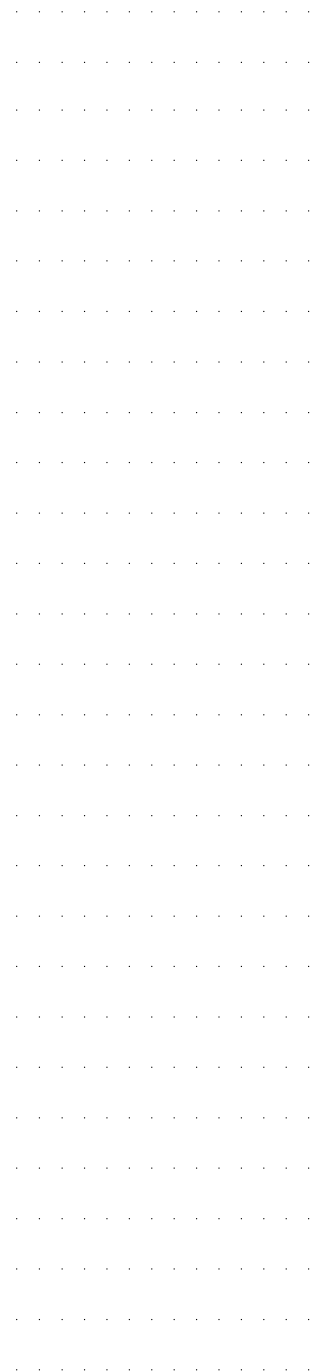
But the company has indeed delayed its output and sales planning for 2009 and refused to make any forecast, saying the current economic environment makes it hard to do that.

## BYD to sell expensive cars in US

(2009-01-09)

BYD Auto plans to sell pricey vehicles in the United States in 2011. The F6DM plug-in hybrid sedan will sell for less than \$30,000, chairman Wang Chuanfu said at the North American International Auto Show. The E6 electric van will be priced at between \$30,000 and \$40,000.

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The cars' batteries use a lithium iron phosphate chemistry developed by BYD. The battery has been tested in China, but the results have not been made public. But the cars have not passed federal strict safety and emissions tests for the US market. "The most difficult issue could be certification" for sale in the US, Wang acknowledged.

Sales volume for the 2 models depends on what incentives are in place in the US for alternative fuel vehicles, said Wang.

## SAIC-GM-Wuling to sell 700,000 vehicles in 2009

(2009-01-09)

SAIC-GM-Wuling Auto Co Ltd has set its ambitious plan to sell 700,000 vehicles in 2009 following its success in 2008. An industry analyst said that the 2009 sales target of SAIC-GM-Wuling was very practical, because the market demand for mini vehicles is less affected by the financial crisis than that of the passenger vehicles.

SAIC-GM-Wuling has greatly improved its technology, sales networks and marketing promotion in recent years, such as its development and production of low-emission engines, and its expansion to the smaller cities, all of which have paved the way for its sales growth in 2009 and beyond.

Currently, the Liuzhou and Qingdao manufacturing bases of the automaker have a combined annual production capacity of 900,000 vehicles and an annual output of 700,000 engines. The venture has started to equip its Chevrolet Spark with homebred engines to further cut cost and boost sales.

## Chery to add 3 new brands

(2009-01-12)

Chery Auto will add a mini-vehicle platform and a high-end sedan platform, according to the blueprint for its 2009 development. Then the largest domestic carmaker in China will have 3 platforms to launch 15 new models in 2009. These new models, perhaps the biggest number by a Chinese carmaker this year, will be sold by 4 different sales divisions that Chery will set up this year for its Chery brand, commercial vehicles, mini vehicles and global sales.

The current Chery Auto sales network will be named Chery Sales Co to be responsible for the sales of the Chery brand vehicles. In 2009, the Chery brand, with 3 new models to come out, targets to sell 260,000 vehicles in the domestic market. In 2008, Chery Auto sold about 220,000 vehicles.

The second sales company will sell the commercial vehicle brand Weilin and the high-end car brand Rich. The 2 brands will share a sales network and will roll out a series of new models. The 2009 sales target for the 2 brands is set at 60,000 units.

The third sales company will sell the mini vehicle Kery. This division will be least affected by the financial crisis as its target consumers are scattered across small cities and rural areas. To rival SAIC-GM-Wuling's mini vehicles, the Kery brand aims to sell 40,000 to 50,000 units this year.

In the past 6 years, Chery Auto has been the top exporter of China-made vehicles, with 135,000 units exported in 2008. Chery will enter the EU, North America and Brazil markets this year and will have 15 overseas plants, with 9 in operation and 6 under construction. Chery aims to export 195,000 to 225,000 vehicles in 2009.

## Brilliance focuses on growth in China, Europe

(2009-01-12)

Shan Long, general manager of the sales company of Brilliance Jinbei Automotive Co Ltd, said at the North American International Auto Show that Brilliance Auto plans to expand, but for now is focused on growth in its home market and Europe before it gets ready to sell in the US.

Shan expected the global economic downturn to pressure sales in China this year, leaving them flat or slightly down compared with 2008. However, he said Brilliance's sales should grow nearly 19 percent to 338,000 in 2009 from 285,000 last year.

Brilliance exported 23,000 cars in 2008. The majority went to developing countries and regions such as Egypt and South Asia. Some 3,000 went to Europe. This year, the export volume will increase 50 percent, Brilliance's vice chairman He Guohua said.

## Beijing Auto in talks to buy Chery technologies

(2009-01-13)

Beijing Automotive Industry Corp is in negotiations with Chery Auto to buy 2 units of Chery's self-developed B-class car models and related technologies.

Industry analysts say such an agreement would mean Beijing Auto paying at least 50 to 100 million yuan (\$7.31 million to \$14.62 million) for Chery, much cheaper than buying complete car development technologies from foreign automakers. The Beijing-based automaker has planned to launch its self-developed SUV and sedan models to the market in 2010.

## Dongfeng Honda aims to sell more in 2009

(2009-01-13)

Encouraged by its strong sales in 2008, Dongfeng Honda Automobile Co, making the CR-V SUV and the Civic compact sedan, expects to maintain its sales growth in 2009 despite the market downturn. The joint venture automaker is planning to sell 180,000 units in 2009, up by about 10 percent year-on-year, said Zhu Linjie, spokesperson of Honda Motor (China) Investment Co.

Zhu also said Dongfeng Honda plans to expand its output capacity to 240,000 units from around 160,000 units at present. The company is running at full capacity now.

Dongfeng Honda sold 164,216 cars in 2008, a surge of 29.3 percent from 2007. The robust sales growth was mainly driven by the CR-V SUV, which shot up 76.4 percent year-on-year to 80,607 units in 2008, according to figures released by Honda Motor (China) Investment.

By contrast, growth was slower at GAC Honda, the other joint venture of Honda in China with Guangzhou Automobile Industry Group Co Ltd (GAC). GAC Honda sold 306,183 cars in China last year. Although it represents nearly 4 percent growth year-on-year, the figure is well below the company's target sales of 340,000 units.

## Dongfeng, Nissan invest more in Zhengzhou plant

(2009-01-14)

Dongfeng Motor Co and its Japanese partner Nissan Motor will jointly inject more than 1 billion yuan (\$152 million) into their Zhengzhou Nissan plant. With the additional investment, the registered capital of Zhengzhou Nissan, a light commercial vehicle joint venture between Dongfeng and Nissan, will reach 1.29 billion yuan from 250 million yuan.

Dongfeng Motor and Nissan Motor have also planned to increase the 2009 sales target of the Zhengzhou Nissan to 60,000 units, a 27 percent growth over 2008. Sales of the Zhengzhou Nissan rose 21 percent to 47,166 units in 2008. The joint venture is planning to introduce 3 new models to the market in 2009, including Nissan high-end NT400 Cabstar, Dongfeng economical multi-purpose vehicle (MPV) and Nissan intelligent MPV.

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## Brilliance delays auto exports to US

(2009-01-15)

Brilliance Auto will delay vehicle exports to the United States by 2 years although its debut at the North American International Auto Show is helping the Chinese automaker build up its brand image.

"A lot of factors, including which products to export and how to cooperate with overseas partners, remained uncertain," said a Brilliance official in charge of overseas expansion. "We are still in the early stages of our entry to the US. But it's a good time for us to finish the preparations amid a market downturn."

Brilliance Auto, the Chinese partner of Germany's BMW, had earlier planned to sell sedans under its Brilliance brand in the US in the first quarter of this year with partner Autokam Ltd. But the global financial crisis has hit the 'Big 3' US car makers and resulted in slack demand for new vehicles.

## SAIC not fazed by Ssangyong imbroglio

(2009-01-15)

Shanghai Automotive Industry Corporation (SAIC) does not seem to be in any hurry to abandon its strategy of purchasing stakes in overseas automobile firms, even as its South Korean unit Ssangyong decided to seek bankruptcy protection.

SAIC president Hu Maoyuan said that Ssangyong decided to seek bankruptcy protection after it suffered a liquidity crisis due to the ongoing global economic slowdown. Collective efforts are now required from the South Korean government, banks, workers' union and shareholders for the unit to remain viable, he said.

Ssangyong, which makes the Rexton, Actyon and Musso SUVs and the Chairman luxury sedan, saw demand for its vehicles plummet due to the economic woes. This in turn led to liquidity problems and forced it to seek bankruptcy protection.

In addition, SAIC also dismissed allegations that it had stolen technologies from its South Korean auto-making affiliate Ssangyong Motor Co as "totally baseless", claiming the "technology exchange" was a normal commercial activity. Zhu Xiangjun, SAIC spokesman, said all the technology transfers between the 2 companies were based on contracts, which accorded with international practice.

Ssangyong filed for bankruptcy protection on January 9, but the South Korean court failed to produce a turn around plan. SAIC is awaiting the court ruling on whether to accept the applications or to proceed with insolvency procedures. SAIC will lose control of the automaker under court receivership. "Under the pressure of financial crisis, we believe that Ssangyong has no other alternative, but to apply for the bankruptcy protection," Zhu said.

## Changan launches cars in Malaysia

(2009-01-18)

Chongqing Changan Automobile Co Ltd launched a mini-car and a 7-seater MPV in Malaysia, making Changan the third Chinese carmaker after Chery and Geely to enter Malaysia, the largest passenger car market in Southeast Asia,

Tony Khor, CEO of Changan Berjaya Auto, said the Era CV6, an egg-shaped minicar, and the Era CM8 family-size MPV are affordable vehicles targeted at first-time car buyers and those looking for a second car. Changan Berjaya, part of Berjaya Group, is the exclusive assembler and distributor of Changan cars in Southeast Asia.

Khor said Changan Berjaya hopes to sell 3,000 units of the CV6 and 2,000 of the CM8 this year. It also aims to export some 5,000 of the cars to Southeast Asian countries including Singapore, Brunei, Indonesia and Thailand.

## AVIC to form auto firm

(2009-01-19)

China Aviation Industry Group Corporation (AVIC) has started integrating its auto-making operations to form an automobile industry corporation. Tan Ruisong, executive vice president of AVIC, said that the group has set up a work team in charge of integrating its auto branches. At its early stage, the new auto industry corporation of AVIC will consist of Hafei Auto, Changhe Auto, Dongan Power and some other companies.

Meanwhile, AVIC's auto corporation will also consider introducing strategic investors to expand its auto-making business. Some domestic automakers have attempted to buy out AVIC auto divisions, but failed.

In late 2008, Changhe Auto was merged into the new-born AVIC, a move that is seen as the first step by the Chinese aviation industry giant to integrate its auto-making divisions. AviChina Industry & Technology Co Ltd, which is controlled by AVIC, will transfer all its auto operations, including Dongan Power, to the emerging auto corporation.

## Lifan to sell autos in Manila

(2009-01-19)

Chinese motorcycle giant Lifan, which exports its vehicles in more than 100 countries, will soon sell its first car in the Philippines, marking its entry to the local market this year.

Its LF520, a mid-sized sedan, will just be the first among 3 models it plans to sell in the country, where it hopes to be a major market player in the long run, Lifan Cars president Nelson Ong said.

The LF520, which is also exported to Russia, Vietnam, and 50 other countries, will be available after its official launch on January 30. Its showroom will be at West Avenue, Quezon City.

## BYD may license electric vehicle battery to other firms

(2009-01-20)

BYD is planning to license its low-cost iron electric-vehicle (EV) batteries to other car firms. Car manufacturers in the United States, Europe and Japan have already expressed interest in this deal.

Following its release of the first China-made plug-in hybrid electric car F3DM model, BYD has announced that it will release another plug-in hybrid 4-door sedan F6DM and an all-electric MPV E6 in the US and Europe by 2011.

## Dongfeng cuts 2009 sales target

(2009-01-23)

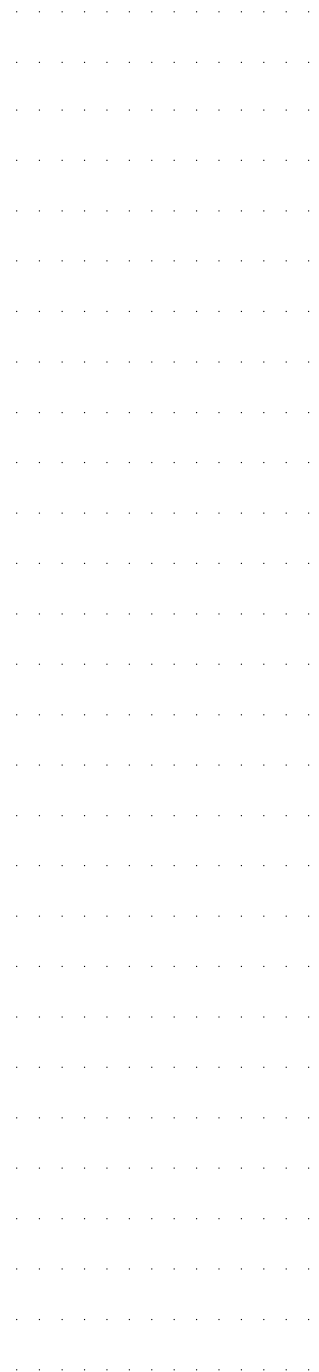
Dongfeng Motor Corp has drastically lowered its sales growth target for 2009 to 6 percent compared with the achieved growth rate of 16 percent in 2008. The third largest automaker in China is expecting to sell 1.4 million vehicles in 2009, said Xu Ping, general manager of Dongfeng Motor. It sold 1.3 million units in 2008.

## BMW Brilliance starts capacity expansion

(2009-01-23)

BMW Brilliance Automotive Ltd, a joint venture between German carmaker BMW and Brilliance China Auto, has started expanding its manufacturing base as the second-phase project in Shenyang, Liaoning province in Northeast China.

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The new facility, designed to produce 45,000 vehicles annually, will double the company's production capacity from 40,000 to 85,000 units per year. The second-phase project of BMW Brilliance, close to the car venture's plant for A-class cars in Shenyang, will start operation as early as the end of this year for producing the all-new BMW models.

The next-generation BMW 5 Series, code-named "F18", has been confirmed to be manufactured in the new plant. As a new production line will be introduced to the plant, the car venture's both shareholders will negotiate for bringing in more all-new BMW models, including BMW 1 Series.

**Changan Auto warns of big fall in '08 net profit**

(2009-01-23)

Chongqing Changan Auto Co warned today a sharp drop in its 2008 net profit as a slowing economy curbs automobile demand.

Changan Auto, Ford Motor's China partner, said its unaudited 2008 net profit was at roughly 38.93 million yuan (\$5.7 million), down from 666.89 million yuan a year earlier.

Changan Auto makes cars in a 3-way tie-up with Ford and Mazda. It was hit badly as car sales at the joint venture fell by 20,000 vehicles, or 5.9 percent in 2008, after a 60 percent jump in 2007.

Changan Auto's bigger peer, China's biggest automaker SAIC Motor, has also warned about a nosedive in 2008's net profit. SAIC expects a 50 percent fall in unaudited net profit in 2008, hit in part by its investment in South Korea's Ssangyong Motor, which has filed for bankruptcy protection due to severe liquidity problems.

However, not all auto manufacturers have been affected by the market downturn. FAW Car Co, a unit of FAW Group, said its 2008 net profit rose 90 to 120 percent to 1.05-1.20 billion yuan, boosted by expanded sales and production.

**China's CIMC plans \$59m truck venture**

(2009-01-23)

China International Marine Containers (CIMC), the world's largest shipping container maker, said one of its subsidiaries had agreed to set up a truck manufacturing venture capitalized at 400 million yuan (\$58.5 million) with 2 domestic partners.

CIMC will hold a 45 percent stake in the venture, mostly making medium and heavy trucks, it said in a statement. Initial investment in the venture, which is expected to start production in 2011, will be 2 billion yuan, it said.

CIMC also said it expects a 40 to 60 percent fall in its net profit in 2008 as the global financial crisis takes a toll on ocean shipping demand. Unaudited net profit in 2008 was about 1.5 billion yuan compared with 3.17 billion yuan in 2007.

## Delphi China plant to stop operation

(2009-01-01)

Delphi Corp has decided to temporarily close an auto parts plant in Suzhou due to weak sales by its sole customer, General Motors. The plant, Shanghai Delphi Auto A/C Systems, will be idled for one year. Over 100 workers are to be laid off.

## Perkins Engines starts production at Wuxi plant

(2009-01-06)

Britain diesel engine maker Perkins Engines Co has begun production at its third overseas facility in Wuxi, Jiangsu province. The company said the \$29 million facility will also include a research and development center as part of a multi-year investment plan.

The first-phase production will include the Perkins 400 Series range of 2-, 3- and 4-cylinder, liquid-cooled, naturally aspirated and turbocharged indirect-injection engines. Its current capacity is 20,000 units a year and is expected to be further expanded to more than 30,000 units by the end of 2009.

## Tire makers cut expansion plans as market slows

(2009-01-10)

As China's auto market slows, some tire makers are cutting expansion plans and relying on aftermarket sales to support demand. "Growth was at a slower pace than earlier and weaker after the Olympics," said Goodyear's Darren Wells, executive president and chief financial officer. In response, Goodyear is closing its plant in Australia and has bought out minority shareholders in its China business.

Two tire makers that started slowly in China, Pirelli Tire Co and Yokohama, are now glad as they did not build huge plants. Giuseppe Cattaneo, CEO of Pirelli Tyre Co (China) said: "Being not too involved so far in the OEM business in China, we are keeping to our original plan for 2009. No special actions." Earlier this year Pirelli said it was investing \$100 million to double capacity in China. By 2011 the Italian tire maker will have a capacity to make 11 million tires annually.

Meanwhile, Yuji Sakamoto, a planning executive at Yokohama Rubber (China) Co, said, "At the moment we have no plan to cut back on production in China, because our production capacity is not enough for the demand for our brand tires."

With a \$25.4 million expansion recently completed, Hangzhou Yokohama Tire Co is now able to make 300,000 tires for passenger cars per year. A fourth phase expansion is expected to begin next year. "Luckily our factory is not too big as the other tire manufacturers are" in China, said Sakamoto. "So we are not changing our plan now."

## FAW-Volkswagen to use China-made DSG

(2009-01-10)

Volkswagen has started to mass-produce its direct-shift gearboxes (DSG) in Northeast China for new models of its Chinese ventures. FAW-Volkswagen will use the locally made DSG transmission on its Magotan, Sagitar, and New Golf models in 2009.

The Magotan may be the first FAW-Volkswagen model to be equipped with the China-made DSG. This year, FAW-Volkswagen will equip more of its new car models such as the Sagitar and New Golf with the locally made DSG transmission to replace the current 6-speed automated manual transmission.

The DSG will be mated with the TSI engine to cut fuel consumption and exhaust emissions by 20 percent. As part of its fuel-efficient powertrain strategy, FAW-Volkswagen will introduce TSI technology after the DSG production in China.

# PARTS & COMPONENTS



# PARTS & COMPONENTS



## SKF to supply Fuwa with trailer axle seals

(2009-01-13)

After competing with global companies and domestic Chinese suppliers, Swedish bearing-maker SKF won a contract with Guangdong Fuwa Engineering Manufacturing Co Ltd for supplying seals for the trailer axle.

Headquartered in Shunde, Guangdong province, Fuwa is the largest trailer axle manufacturer in the world. This 3-year contract, which will come into effect this year, involves SKF's delivery of 600,000 seals annually to Fuwa. The seals will be produced in the SKF factory in Wuhu, Anhui province.

"We found that the SKF Scot seal solution offered more benefits, such as the significantly longer service life time, overall high quality, and strong performance," said Fuwa's director Amy Wu.

SKF has established in China 10 manufacturing plants, 1 solution service facility and an SKF college, employing more than 3,000 workers in Shanghai, Wuhu, Dongguan, Beijing, Dalian and other cities. The Sweden-based company, which makes bearings, seals and related products, is gearing up to make deeper inroads in China.

## R&D investment to help parts makers tide over crisis

(2009-01-15)

China's auto parts industry is facing tough challenges as the economic downturn puts the brakes on the country's automobile sales growth. This will add to the list of problems the sector already has to deal with, such as industry fragmentation, limited export channels and poor research and development capabilities.

Purchase orders received by Chinese auto parts suppliers are decreasing sharply due to plunging demand from automobile manufacturers. "The orders our company receives have dropped 50 percent," said Hu Zhengzhi, board chairman of Shanghai Dayou Co Ltd, a plastic mould manufacturer for auto use.

The number of auto part suppliers in China exceeded 10,000 in 2006, according to the National Bureau of Statistics. In Zhejiang province where manufacturers of small-piece auto parts concentrate, many have stopped production or even gone bankrupt.

European and US vehicle manufacturers tend to order more low-cost auto parts from Chinese suppliers to maintain competitiveness.

But experts say Chinese auto parts firms should become more innovative. "Chinese auto part suppliers should find more channels such as exhibitions and online trading to promote export," said Wen Jiaping, president of Beijing Runew Automobile Consulting Co Ltd. Chinese auto part manufacturers should also invest more in research and development to prepare for the opportunities, he added.

## China produces 350 million auto tires in 2008

(2009-01-15)

The latest data from the China Rubber Industry Association show that the country produced 350 million auto tires in 2008, up 6 percent from 2007. That included 260 million radial tires, up 13 percent year-on-year.

Profits of the tire industry fell by 50.9 percent from 2007, mainly because the price hikes of raw materials for the rubber industry in 2008, which hit the Chinese and global tire markets hard.

The global financial crisis and auto market downturn have reduced the demand for tires in the European and American markets. As a result, export-oriented tire manufacturers in China saw a sharp drop in their exports and huge tire stockpiles.

In the second half of 2008, many car tire companies in China began to cut their outputs due to the mounting inventories and difficult fund flow. At the end of December, only half of the tire production lines in the country were still in operation.

However, the domestic and global demands for China's radial tires have been growing steadily. The Chinese-brand tires will play a big role in shoring up the market demand, which may surge if the auto market begins to recover in mid-2009.

## WABCO releases new AMT in China

(2009-01-16)

WABCO, a global technology leader for commercial vehicles headquartered in Brussels, is launching a new generation of modular automated manual transmission (AMT) system in China. The new system, if applied in commercial vehicles, could help improve transmission and fuel efficiency and save costs for transportation companies. Despite the world economic crisis, WABCO has continued to implement its expansion strategy in China, said Leon Liu, president of WABCO Asia Pacific.

## Argentina puts anti-dumping duty on China parts

(2009-01-20)

The Argentine government announced that it has concluded the anti-dumping probe into the auto power conveyor parts from China and decided to impose anti-dumping measures on these Chinese auto parts for 5 years from now.

The ruling said that Argentina will levy a \$10.97 anti-dumping duty on each kilogram of the rear-wheel-drive model's power conveyor mechanism between the engine and the wheel, and a \$17.34 anti-dumping duty on each kilogram of the front-wheel-drive model's power conveyor mechanism between the engine and the wheel.

## Ford to set up auto sales company in Jiangsu

(2009-01-23)

US automaker Ford Motor Co has got the green light from China's Ministry of Commerce to found an auto sales company in Taicang city of East China's Jiangsu province. The new company, named Greenway (Taicang) Auto Sales Co Ltd, has a registered capital of \$1 million and a total investment of \$1.42 million. Greenway Taicang will be mainly engaged in sales and exhibition of Changan Ford Mazda cars.

## Dongfeng, Freescale team up in auto electronics

(2009-01-23)

Chinese automaker Dongfeng Motor Corp and US Freescale Semiconductor plan to set up a joint automotive electronics design lab in China. The move aims at developing the electronic systems for next-generation vehicles for the global markets.

The cooperation will span a wide spectrum, ranging from body electronics to powertrain and technologies related to hybrid electric vehicles such as energy recuperation and storage. The cooperation also involves Freescale's 32-bit power architecture implementations as well as 16- and 8-bit MCUs from the company's S12X and S08 product families.

In addition, analog circuitry connected to these applications will be provided. The cooperation also includes in-car networking, software and AUTOSAR applications.

Being one of China's top 3 automotive manufacturers, Dongfeng already has conducted significant research and development (R&D) for engine control, hybrid drive control and automatic transmission systems. Freescale said that future cooperation between the 2 companies could include chassis and safety technologies as well as infotainment and navigation.

# PARTS & COMPONENTS





## FINANCING



## Trade body suggests easing auto credit policy

(2009-01-01)

China should ease its auto credit policy and convert part of its idle housing funds, now amounting to 400 billion yuan (\$58.39 billion), to finance car purchases, a move which could boost the sluggish auto market, the National Passenger Car Information Exchange Association suggested.

The average interest rate of an auto loan is 1.4 times the basic rate, and twice that of a housing loan, which is the main factor impeding auto consumption credit business, the association said. About 16 percent of Chinese car buyers purchased their cars on credit in 2004, but the figure tumbled to 8 percent in 2008, compared to the average 70 percent worldwide.

A looser auto credit policy similar to the favorable housing credit policy could shore up auto consumption on credit to 13 percent, and push up a 4-percent increase in auto sales in 2009, said the association. China's auto industry would shrug off the current doldrums when 20 to 30 percent of the auto buyers would choose credit consumption, said Jia Xinguang, chief analyst of China National Automotive Industry Consulting & Developing Corp.

In response to the housing funds are likely to be used for car purchase in future, an official from the Beijing Housing Funds Management Center said that it is impossible to buy cars with the housing funds and the center is different from banks.

A director of the Beijing Housing Funds Management Center said that it is impossible to buy cars with a loan from the housing funds which are used as loans for the funds-payers to buy houses or apartments. Using the housing funds to buy cars would infringe upon the home-buying rights of other payers of the funds. The official added that the housing funds center is not a bank.

An auto sales executive in Beijing said that this proposal would be unacceptable to most people who regularly pay their portions of the housing funds for their housing loans. To the common people, home-buying is more urgent and necessary than car purchase. There are many better measures to boost the auto market, such as fuel price cuts and infrastructure improvement.

Officials of the China Association of Automobile Manufacturers also said that the National Passenger Car Information Exchange Association can't represent the auto industry and the buying-car-with-housing-funds proposal by the association is an impractical solution.

## Geely gets \$147m credit line from CEB

(2009-01-04)

China Everbright Bank signed a deal with Geely Automobile Holdings Group to provide the automaker a credit line of 1 billion yuan (\$147 million). Of this amount, 250 million yuan will be injected to Geely's medium-term cash flow and the other 750 million yuan to support for Geely dealers' financing.

The bank's Hangzhou branch will use its banking, securities and insurance businesses to provide services of capital, investment and financing to Geely. As one of the first Chinese banks that have been engaged in auto financing services, the bank has cooperated with Chery Auto and Beiqi Foton and has built up its expertise in auto financing.

Geely president Li Shufu said that the deal with China Everbright Bank is expected to guarantee the smooth development and growth of Geely Auto amid the global financial crisis spillover in 2009.

## Jianghuai Auto gets \$7.32m project grant

(2009-01-09)

Anhui Jianghuai Automobile Co Ltd has received a 50 million yuan (\$7.32 million) grant from Hefei city, Anhui province, for the carmaker's innovative project. This free grant will be used for the development of its automatic dual-clutch transmission (DCT) project.

Jianghuai Auto said that it will count this government grant as the company's deferred income. The project construction will last from 2009 to 2011 and the account will be cleared in the coming years according to the actual expenditure.

The sluggish auto sales and falling output have urged Anhui province to take measures to help its automakers weather the crisis. The province will boost its funding and purchasing support for Chery Auto and Jianghuai Auto, whose new cars will be the prior choices for auto buying of the province's governments at all levels.

## Sinotruk to issue \$365m in medium-term notes

(2009-01-12)

China National Heavy Duty Truck Group Corp (Sinotruk) is to issue 2.5 billion yuan (\$365.52 million) worth of 5-year medium-term notes on the interbank market on January 19. The yield for the notes will be set via book building, the company said in a statement. Proceeds will be used to fund some projects, supplement working capital and optimize its loan structure, it said. Industrial Bank Co Ltd will be the main underwriter of the issue, it added.

## Central bank calls for more auto loans to aid sector

(2009-01-16)

The People's Bank of China, the country's central bank, urged commercial banks to lend more to support the slumping auto industry without sacrificing risk control. It will also support the establishment of more auto financing companies and encourage banks to cooperate more with them, in an effort to boost vehicle consumption, Liu Shiyu, the central bank's vice governor, said in a statement on its website.

The move followed a wide-ranging plan unveiled 2 days ago by the State Council, China's cabinet, which included tax cuts and subsidies to boost the auto sector. However, the central bank also stressed that auto dealers have to build up their own self-discipline in order to ensure that auto financing develops smoothly.

Loans to the auto industry totaled 158.3 billion yuan (\$23 billion) in 2008, including 2 billion yuan in securities backed by loans to auto buyers. That was tiny compared to the 30 trillion yuan in overall local-currency lending by the end of the year.

## BOC issues more auto loans in 2008

(2009-01-24)

Individual auto loans released by Bank of China (BOC) increased 5 billion yuan to an outstanding of 39.3 billion yuan (\$5.75 billion) at the end of 2008, snatching a market share of over 30 percent in China, according to the bank's latest statistics. It ranked first in individual auto loan service in the banking sector.

With over 10,000 branches, years of market experience and cooperation with first-class automakers, the bank has developed more than a million auto loan customers, according to an official from the bank.

China has now become the third largest auto producer and second largest consumer in the world, with auto sales hitting 9.4 million units last year. The country unveiled an auto stimulus package on January 14, providing a great chance for development of individual auto loan business.

# FINANCING



## SERVICE



## Maserati recalls 659 cars on suspension flaws

(2009-01-01)

Due to flaws in the car suspension system, Italian luxury car maker Ferrari Maserati's Shanghai company recalled 659 Maserati sedans in China, according to the General Administration of Quality Supervision, Inspection and Quarantine.

The defected Maserati models, which include the Maserati Quattroporte, Maserati GT and Maserati GTS, were produced between September 1, 2003 and July 23, 2008. They were imported to the Chinese market.

The major cause for the defect is that the press nuts in the upper and lower suspension arms in the front and rear suspension systems were not properly screwed tight, which would cause the steering wheel to shake and the suspension system to make strange noises. If the driver keeps driving the defective Maserati car for long in this condition, it could damage or even break the suspension arms in extreme cases. No accidents have been reported as a result of this fault.

The Shanghai firm of Ferrari Maserati will notify consumers about safety tests of their cars and free repair or replacement of the affected parts.

## Vehicle recalls total 1.84m in 4 years

(2009-01-05)

The country's top quality regulator said that 54 foreign and domestic automakers recalled more than 1.84 million vehicles in China over the past 4 years. Recalls had been rare in China before a system was set up on October 1, 2004 by the General Administration of Quality Supervision, Inspection and Quarantine, China's quality supervisor.

Guangzhou Honda Automobile Co Ltd made the single largest recall, which involved more than 420,000 Accords, in March 2007. Mercedes-Benz conducted the most frequent recalls: 19 between February 2005 and December 2008, involving 38,657 vehicles.

## Jaguar recalls 87 sedans in China for warning system flaws

(2009-01-05)

British luxury saloon maker Jaguar recalled 87 sedans in China over warning system flaws. The speakers on the Jaguar XF units may cease operation and fail to voice warnings like signals indicating turns and seat belt conditions, said the General Administration of Quality Supervision, Inspection and Quarantine.

The company is recalling a total of 3,754 XF units worldwide for the same problem. The recall in China will start today and involve vehicles produced between October 2007 and March 2008. Jaguar dealers will check the car speakers' function and make reconfiguration.

## Subaru recalls 1,135 SUVs for control system flaws

(2009-01-06)

Japanese auto maker Subaru will recall 1,135 Tribeca SUVs it sold in China over control system flaws. A sensor defect in the dynamic control system may cause the vehicle to run unsteadily and even break away from its driver's control, said the General Administration of Quality Supervision, Inspection and Quarantine.

It remained unclear whether the problem had resulted in any crashes or injuries in China. Subaru is recalling a total of 5,130 Tribeca units worldwide for the same flaw. The recall in China will start today and involve vehicles produced between February and November in 2008.

## China to monitor oil market as new tax levy starts

(2009-01-01)

China's Ministry of Commerce has urged local bureaus to monitor the fuel market more closely to prevent any hoarding or unapproved rate increases as the new consumption tax and retail price formula comes into effect from today.

Today, China started to raise fuel consumption taxes on various oil products, including gasoline and diesel, instead of charging 6 different road tolls. It will also change the way it calculates retail prices to guarantee state refiners a "reasonable" margin.

## Baosteel raises March prices after Feb hike

(2009-01-19)

Baoshan Iron and Steel Co Ltd, the listed unit of China's largest steelmaker, raised prices for key steel products for March after hiking prices for February to check 5 straight months of price declines.

The company raised its sale prices for major hot-rolled and cold-rolled steel products for March by 300 yuan (\$43.9) per ton from February levels. After the increase, the price for hot-rolled steel products will be 3,742 yuan per ton and that for cold-rolled steel products will be 4,226 yuan per ton.

"The price hikes for the next 2 months reflect Baosteel's bullish outlook on domestic steel prices after the Lunar New Year holidays, as previously the market was boosted after the break with plants resuming production," said analyst Henry Liu at Macquarie Bank.

However, Daiwa Securities analyst Helen Lau said Baosteel's cold-rolled steel prices for March were still at a slight discount to the current market level, mirroring the company's uncertain outlook on demand from auto and home appliance industries.

Feng Juncong, chief analyst at government-funded metals research group Antaika, said that Baosteel was running only one-third of its galvanizing steel production capacity late last year as demand had weakened in downstream industries.

Baosteel also raised prices of galvanized steel products, also used in auto and home appliance making, by 350 yuan a ton for March. "The price hikes show some improvement in the order book. Baosteel's price increase will spur other steel companies to follow suit, which will firm up market prices and further restore confidence," Daiwa Securities' Lau said.

## China's December fuel oil imports jump ahead of tax hike

(2009-01-19)

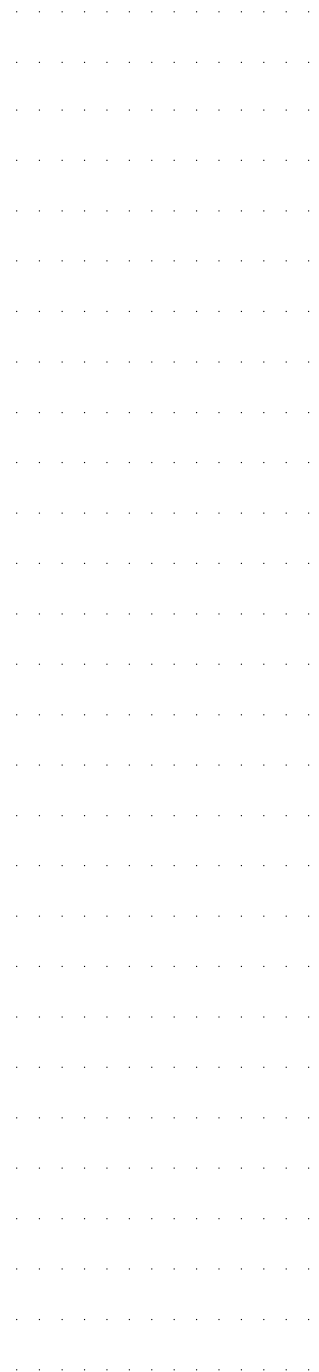
China's fuel oil imports in December 2008 surged 115.5 percent from a year earlier as buyers rushed to ship in the fuel before a fuel tax hike took effect on January 1. Preliminary data from the General Administration of Customs showed that the country imported 2.64 million tons of fuel oil, 90 percent higher than in November.

But diesel imports slumped 90.1 percent to 80,000 tons in December 2008 while exports increased 682.7 percent to 200,000 tons, Customs said, with oil firms eager to draw down their hefty stockpiles due to weakening demand amid the economic downturn. Gasoline imports also fell 60.8 percent to a mere 7,025 tons in December and exports surged 68.4 percent to 250,000 tons.

For the year, however, gasoline imports were still 775.3 percent higher than in 2007 while diesel imports rose 285.0 percent, mainly because of the buying spree ahead of the summer Olympics.

China raised consumption tax on fuel oil by 7 folds on January 1 as part of a wider tax and fuel-pricing reform that was intended to encourage fuel efficiency and bring local fuel prices more in tandem with international price changes.

# RELATED INDUSTRIES



## RELATED INDUSTRIES



### CNOOC's 2008 sales revenue up 22.4%

(2009-01-21)

China National Offshore Oil Corp (CNOOC), the country's third largest oil and gas producer, said today full year sales revenue rose 22.4 percent from a year ago to 98.3 billion yuan (\$14.37 billion). As of the end of 2008, total assets of the company were 428.5 billion yuan, up 267 percent from 5 years earlier.

The company's listed arm CNOOC Ltd said on January 20 it plans to lift its 2009 crude and gas production by 16 percent to 18 percent, as some significant projects are expected to come online this year. In 2009, the total capital expenditure of CNOOC Ltd is expected to reach \$6.76 billion, an increase of 19 percent year-on-year.

### Sinopec reports 4.5% rise in 2008 refining throughput

(2009-01-23)

China Petroleum and Chemical Corp (Sinopec), the nation's largest oil refiner, said that it processed 168.8 million tons of crude oil in 2008, up 4.49 percent year-on-year. The company, which is also a leading oil producer, said in a preliminary report that its crude oil output rose 1.76 percent to 296.8 million barrels.

Gasoline output rose 11.97 percent to 29.09 million tons, with diesel production up 10.12 percent to 68.78 million tons. Sinopec also said domestic sales of refined oil products rose 3 percent to 123 million tons.

In a discussion of the data, Sinopec noted that oil product supplies were tight during the first 3 quarters of 2008, as local refineries reduced or stopped production in response to government price ceilings.

Sinopec also announced preliminary 2008 results. It said net profit was expected to decline by more than 50 percent, reflecting huge refining losses caused by high world oil prices earlier in 2008 and low fixed selling prices. Declining demand and prices for chemicals in the second half also hurt profitability, it said.

### Steel producers forecast drastic profit decline

(2009-01-31)

China's major listed steel companies forecasted a huge drop in net profit in 2008, mainly due to the plunging steel price, according to the latest annual net profit forecasts.

China's Angang Steel Company Ltd (Ansteel) reported an estimated 55 percent profit decline. Liuzhou Iron & Steel (Group) Company said annual net profit may drop 98 percent, and Sansteel Minguang Co Ltd forecasted a 70 to 100 percent slump.

The weak performance mainly resulted from the shrinking market demand and price decline of both steel and raw materials, said the reports.

According to Lgmi.com, a metals information research center in China, price for secondary metallurgical coke dropped 50 to 60 percent from its highest point in the first half of 2008, while steel price dipped about 40 percent. Chinese Academy of Sciences said domestic steel price will stay at a low level this year in a report on China's economic outlook in 2009 last week.

China's steel market will face both "shrinking supply and demand" in 2009, said the report. However, market demand will revive as the economic stimulus package took effect, and steel companies will see the end of profit decline at the end of 2009.



POLICY



**Shanghai to enforce China IV emissions standard**

(2009-01-09)

Shanghai Environmental Protection Agency announced that the China IV emissions standard will be applicable from November 1, 2009, to all light gasoline vehicles, public buses, and special vehicles such as postal cars and garbage trucks that are newly registered in Shanghai. Vehicles failing to meet the standard will not be registered and the sales will be halted.

The China IV emissions standard, to be effective in Shanghai ahead of its nationwide implementation, is equivalent to the Europe IV emission standard used by EU members since 2006. The China IV emissions standard will take effect throughout the country as late as 2011.

**China's auto, steel sectors get a shot in the arm**

(2009-01-15)

Sales tax on vehicles with engines of less than 1.6 liters will be halved and exchange of old vehicles for new ones with smaller engines subsidized to boost the auto industry. A total of 5 billion yuan (\$731.45 million) will be set aside for the subsidy to be given to farmers. And sales tax will be cut from 10 percent to 5 percent from January 20.

The stimulus package for the country's auto industry, the third largest in the world, was announced by the State Council yesterday after its sales growth fell to a 10-year-low of 6.7 percent last year. The package is expected to boost the steel industry and designed to promote fuel-efficient and low-emission vehicles, too.

"In order to adjust and revive the auto sector, we must implement a proactive consumption policy to stabilize and boost auto demand," the State Council said. "Any unreasonable rules" hampering auto sales would be removed in order to spur demand.

The government said it would support the alternative-energy vehicle sector by promoting the mass production of electric-powered cars in big and medium cities. In the next 3 years, the government will provide 10 billion yuan (\$1.5 billion) to automakers to help upgrade their technology and develop alternative energy vehicles.

The move, likely to benefit more than 80 auto- and steel-related firms in Shanghai and Shenzhen, is part of a series of industry-specific policies to stimulate the economy. Analysts said the package would help the 2 pillars of the national economy immensely. "But it's hard to say how big an impact it would have in the short term," said Jia Xinguang, a Beijing-based auto analyst.

The plan also urges improvements in the credit system for car purchase loans. More than 93 percent of Chinese vehicles are sold in the domestic market, but less than 10 percent are purchased on credit.

It also requires accelerated upgrading of the steel sector, transforming "big" industry competitors into "strong" international players.

It said the industry needed to eliminate outdated technology, and must not establish new projects that merely add to steel output.

China also needed to increase domestic demand for steel and adopt a more flexible tax rebate policy to keep international markets.

Special funds will be allocated from the central budget to promote technological advancement of the sector, readjustment of products mix and improvements of product quality, according to the plan.

## China offers incentives to stimulate hybrid cars

(2009-01-25)

China is to offer policy incentives to speed up spread of energy-saving cars in 13 pilot cities. The ministries of finance and science and technology jointly issued a circular on providing subsidies to users of hybrid, electric and fuel cell cars in Beijing, Shanghai and another 11 major cities, the Ministry of Finance said on its website.

Public transport, taxi companies, post services and public offices were encouraged to use more energy-saving vehicles, the circular said. The government promised to give companies and institutions, which purchase and use such vehicles, lump sum subsidies to offset their extra cost on fuelling efficient cars than ordinary ones.

Meanwhile, the central government urged local governments to subsidize the development and maintenance of energy-friendly cars.

This is considered the boldest measure the central government has ever taken to stimulate promotion of hybrid cars although the subsidies have yet to extend to private car users. Due to much higher price tags on them, hybrid cars encountered cold shoulders in thriving domestic car market over the past few years.

While introducing mature hybrid products into the public transportation sector before the Beijing Olympic Games in 2008, China also adjusted its research and development plans as well as car industry policies in terms of spreading fuel-efficient engines and vehicles.

## China to unveil petrochemical stimulus package

(2009-01-25)

China is expected to announce a 500-billion-yuan (\$73.09 billion) stimulus package for the struggling petrochemical industry.

The stimulus package includes 100-billion-yuan investment in 2009 and 2010 for oil products upgrade, and investment of 400 billion yuan for construction of 20 new large-scale petrochemical projects.

The proposed package will be submitted to the State Council for approval soon. Sources with the China Petroleum and Chemical Industry Association (CPCIA) said it is expected to be announced after the Chinese Lunar New Year.

"The package will focus on oil products restructuring and improvement on technology," an industry insider, who declined to be named, said.

Under the package, China plans to invest 60 billion yuan this year to improve the quality of 60 million tons of gasoline to the level of China III and China IV standards, which are equivalent to Euro III and Euro IV standards, according to the report.

The country would also spend 40 billion yuan in 2010 to improve the quality of 60 million tons of diesel to similar standards.

China's two leading oil companies, China National Petroleum Corp (CNPC) and China Petrochemical Corp (Sinopec) are expected to fund the 100-billion-yuan investment.

China will also support domestic enterprises in overseas mergers and acquisitions, especially in oil resources and the fertilizer industry.

The package will also cover many other areas, including the adjustment of export tax rebate policies in the sector and the construction of more oil reserves.

Analysts said the package would mainly benefit China's two leading oil companies, CNPC and Sinopec, as they are now managing almost all the large oil refineries and chemical manufacturing plants.

POLICY









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## ANALYSIS



## China auto export to see negative growth in 2009

(2009-01-01)

An industry analyst predicts that China's vehicle export will head toward a negative growth in 2009 as industry figure already shows a sheer decline. "That forecast is well-grounded given the November export figure," said Tan Jijia, an auto analyst from Pacific Securities Co Ltd.

Data released by China Customs showed that China's auto exports, including completely knocked-down kits, posted a 33 percent decline in November from a year earlier, amid which exports of semi-trailer went down by 70 percent.

Xu Changming, senior auto industry analyst with the State Information Center, said that the impact of the financial crisis on the US market is expected to heavily hit China's auto exports in 2009, and it may not be able to recover very soon because of weakening overseas demand.

Tan also said the government can tackle the issue by raising export tax rebates. The yuan's devaluation also helps.

## Chinese carmakers aim to defy downturn

(2009-01-02)

China's car industry has seen sales slump from the double-digit growth of recent years. But car industry analysts are still expecting a high single-digit growth for 2008 and possibly 2009 as well. Much of the rest of the global car industry would be happy to see such numbers.

Still, Chinese carmakers are complaining to the government about a sudden and unexpected contraction in the market. No one expects the Chinese government to step in with a Washington-style bail-out, but last month Chery announced that it had arranged 10 billion yuan (\$1.46 billion) in financing from China's Export-Import Bank to fund overseas activities, and then immediately said it was calling off a small-car partnership with Chrysler, fueling speculation that Chery's real intent was to buy the troubled US carmaker.

Yale Zhang, Shanghai-based analyst at CSM, an automotive consultancy, thought it unlikely: "If Americans can't manage these brands very well, how will Chery manage them?" he asked. "Chinese automakers have no experience with the US autoworkers' union, which would complicate any such take-over. All of the Chinese automobile manufacturers are small compared to the big 3. They would need to borrow a lot of money to buy them." Zhang added.

Industry analysts said one reason the Chrysler partnership failed was that Chery cars were not ready to meet stringent US safety and emission standards. Chery said it will use the bank financing to boost exports, noting that it exported 125,000 vehicles in the first 10 months of 2008, and plans to boost that number to 400,000 in 2010. Zhang pointed out that export-import financing can do little to solve the larger problem: flagging demand in Chery's target export markets.

## Russian carmakers may take over China market

(2009-01-03)

Zhu Qingcheng, the head of Sibir Auto Export Co in Beijing, is sure that Russia can be a strong competitor importing cars into the Chinese market. The reason for concern of the largest Chinese producers and car exporting companies was the fact that the largest Russian companies increased the volume of spare parts purchase.

GAZ Group, the largest Russian automobile industry holding company, with its annual sales volume of over \$6 billion, purchased 2 million Chinese tires over the last few months. Along with GAZ Group, some other Russian companies are trying to arrange the delivery of Chinese spare parts.

# ANALYSIS

Yevgeniy Kolesov, general manager of Optim Consult Co, specializing in consulting services for Russian companies, noted that Chinese spare parts, as compared with Russian spare parts, are inexpensive and of better quality. "Chinese market attracts Russian companies. For many Russian companies, cooperation with China is a great possibility to increase their manufacturing capacity without overpaying for brand."

Russian companies' interest in big purchases in China gives the Chinese experts a reason to suppose that Russian cars sales volume will increase up to 3 million by 2010. This situation should be taken seriously in spite of the fact that now it is hard to believe in quick development of Russian car industry.

## Carmakers urged to 'think small' amid crisis

(2009-01-05)

There's a lesson for China's car makers in the fate of the ailing US auto industry: develop smaller and fuel-efficient models instead of betting on gas-guzzlers, industry analysts have warned.

"We used to believe medium-sized cars would have the biggest market in China, but actually small cars have the greatest potential in terms of energy efficiency and price," said senior engineer Chen Yilong of the Society of Automotive Engineers of China.

The US auto makers' plight stemmed from their decades-old love affair with big cars while Japanese carmakers gained a stronghold by appealing to America's fuel efficiency-conscious consumers, said Jia Xinguang, chief analyst of China National Automotive Industry Consulting & Developing Corp.

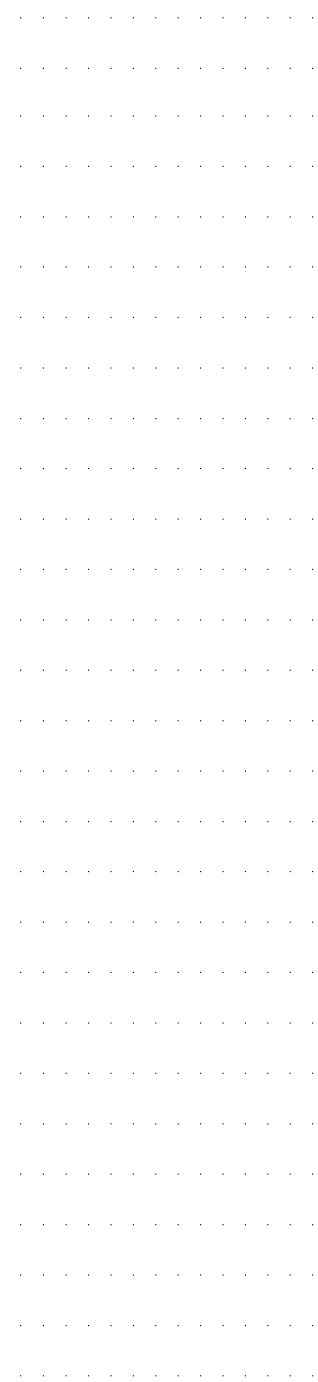
"The fall of the US car industry is not a recent thing; it has been going on since the 1970s, when crude oil prices almost tripled because of output cuts by major oil producers," said Jia. During that crisis, Japan-based Toyota expanded its presence in the United States with cheap, fuel-efficient cars. It now has surpassed most rivals with sales only second to General Motors in the US market.

The most fuel-efficient US-made vehicles had a combined fuel economy of 28 miles per gallon (mpg), but still lagged Asian models such as the Toyota Yaris (31 mpg) and the Honda Fit (30 mpg), according to a Forbes magazine report in August 2008, citing estimates of the US Environmental Protection Agency. Such seemingly small differences might be neglected in good times but became important to consumers hit by the financial crisis, said Chen.

Official data show sales of compact cars dipped in China in 2006 and 2007, when sedan sales rocketed more than 20 percent annually. Chen attributed the decline to producers' sluggish efforts to improve vehicle performance and quality, combined with inadequate support from the government. The best result Chinese compact cars earned in car crash tests last year was 3 stars out of a 5-star rating system.

Better technologies are needed and the government should give policy support to hybrid vehicles using new energy sources, said Chen. He warned that domestic brands could be disadvantaged if the technology used in compact cars didn't catch up with global rivals. It would be an unsustainable pattern of growth for Chinese car makers to merely rely on cheap labor and low auto parts prices, Jia added.

The National Development and Reform Commission has already mapped out a plan to boost vehicle consumption, targeting an annual rise of car sales higher than the country's gross domestic product in the next 3 years. The plan included cutting consumption taxes on low-emission and economical cars and supporting hybrid vehicles.



## ANALYSIS



## Growth of private cars, motorbikes slows in China

(2009-01-06)

Growth of privately owned cars and motorcycles slowed markedly in China last year. China had about 87.3 million private motorcycles and 41.7 million private cars in 2008, a general increase of 6.4 percent from the year before, the Ministry of Public Security said in a statement. This compared with a growth rate of 10.9 percent in 2007, the ministry said.

The ministry did not give a reason for the slowdown, but the data seemed to fit with other figures showing a slowing auto market in China. China's economy is under huge pressure due to the global crisis, with overall growth in the third quarter at 9 percent, the lowest in more than 5 years. The World Bank has forecast that growth in the Chinese economy will slow to 7.5 percent in 2009, the lowest in 19 years.

## China's auto imports may drop 10% in 2009

(2009-01-08)

China's auto imports in 2009 will see no growth or even drop by 10 percent to 360,000 vehicles because of the spillover of the global financial crisis into 2009.

China imported about 400,000 vehicles in 2008, a rise of 27 percent over last year. SUV models and 3.0-liters or smaller vehicles contributed most to the growth. Sedans and 4.0-liter-above vehicles saw the biggest drop in the imports.

"When the global financial crisis is pervading further into every corner of the world economies, China's economic growth will continue its slowdown in 2009, which will hold little hope of growth in the auto market," said Ding Hongxiang, president of China Trading Center for Automobile Import.

If the central and local governments introduce more incentive policies and their stimulus investment can be fulfilled, the imported car market is likely to see smaller drop. Small-car models of low emissions will be more welcome in the market, and many Chinese automakers have also realized this trend.

The exchange rate also influences the auto imports. The Chinese yuan has appreciated significantly since July 2008 against the US dollar and other currencies. This will continue to affect the exchange rate costs and even competitiveness of imported cars.

## China's demand for cars stalls

(2009-01-12)

Through all the recent months of bad news, Detroit could always offer itself one consolation: Hey, there is always China.

China's love affair with the automobile gave North American automakers some of their strongest overseas sales, cushioning them from the effects of the downturn at home. Now, that affair has begun to fade like a teenaged crush, undermining Detroit's hopes for revival.

Automobile sales in China grew by just 6.7 percent in 2008. That is still much better than the precipitous drops recorded by automakers in the North American market. But after 3 years of growth exceeding 20 percent, it is a disappointment for car makers such as General Motors (GM) and Ford Motor that have invested billions of dollars in China in hopes of unstoppable sales acceleration.

"Those companies are making the most of their profits on the sales growth they have seen in China," said Chris Hopson, a market analyst for IHS Global Insight. "As we see a deflating market here, they were expecting some of the slack to be taken up over there. Is it crippling? I don't know. But it certainly won't help them with any turnaround."

The growth of China's car market in the past few years has been stunning. As hundreds of millions of Chinese rose out of poverty and strived to join the ambitious new middle class.

Drivers purchased 8.79 million vehicles in 2007, making China the world's second-largest auto market after the United States. The scope for further growth seems limitless. China still has just 30 cars per 1,000 people, compared with 900 in the United States. An ambitious construction program has laced the country with broad new highways begging to be driven.

But in the middle of last year, sales began to soften when higher fuel prices and new emissions standards for commercial vehicles kicked in. China's economic situation has worsened considerably since then as demand for its exports, the biggest engine of its economy, slackened with a slowing world economy.

GM's Nick Reilly, the company's Asia-Pacific boss, said industry-wide sales could fall as much as 10 percent in the first half of this year before continuing "robust growth." He also expected sales in China to grow slightly this year to about 9.5 million vehicles. But if the US market remains weak, China could overtake the US as the world's No 1 auto market in 2014 or 2015, Reilly predicted.

Foreign auto makers sell 7 out of every 10 cars purchased in China, so the health of its car market has a strong influence on their fate. GM now makes 65 percent of its sales outside of North America, mainly because of the car boom in emerging markets such as Brazil, Russia, India and China.

Despite the recent downturn, Detroit still has high hopes for those markets. GM president Fritz Henderson said that emerging markets such as China should recover more quickly than North America and other developed markets once the worldwide economy begins to come back from recession.

## China auto sales projected to grow 5% in 2009

(2009-01-13)

Auto sales in the Chinese market are projected to grow about 5 percent in 2009, said Dong Yang, vice chairman of the China Association of Automobile Manufacturers. The growth of China's auto industry will "mainly depend on the contents and timing of government policy support". Auto sales rose 6.7 percent to 9.38 million units in 2008, the slowest growth rate in the past 10 years.

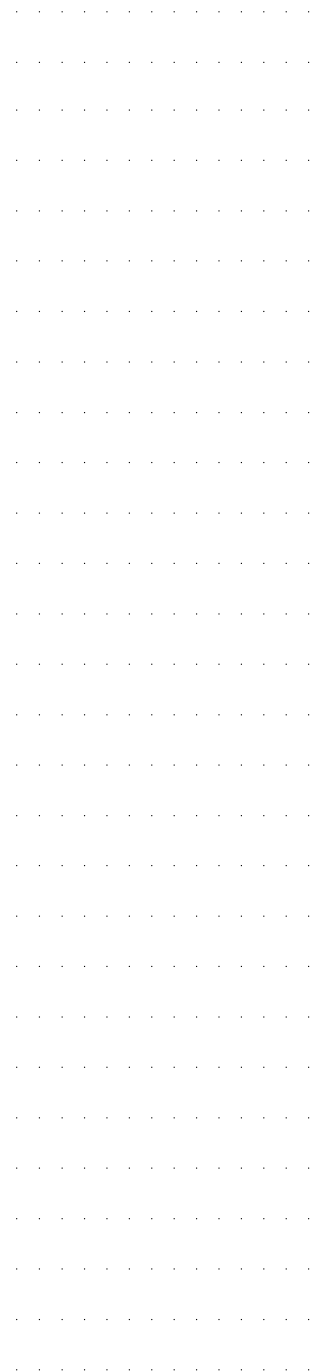
Dong said that about 60 percent of auto consumers in China are first-time car buyers, and the auto exports only account for 10 percent of the auto industry's total revenues. Therefore, China's auto industry is less affected by the global financial crisis and the 5 percent growth rate is an optimistic forecast.

Automobile consulting house CSM Worldwide said global automobile sales will bottom out in 2009 and said it expects China vehicle sales to grow only 6 percent this year. Global Insight, a US-based economics consultancy, expects a 4 percent growth in China automobile sales this year.

But China will remain a bright spot in the world as most of the other major markets are unlikely to recover from the recession in 2008. Kevin Wale, president of GM China Group, said he expects steady vehicle sales this year and the country to remain as the fastest growing automobile market in the world over the next decade.

Toshiaki Otani, vice president of Dongfeng Motor Co Ltd, said in December that in his view Dongfeng Motor's passenger vehicle growth in China this year could be around 14.5 percent, nearly 3 times the overall projected growth rate of 5 percent.

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## Automakers should prepare for zero growth in 2009

(2009-01-14)

Market research firms such as CSM Worldwide and Global Insight predict China's auto sales growth rate in 2009 will be around 5 percent. But as the economic crisis takes hold in China, the auto market is likely to end the year with no growth at all. Automakers should brace for a particularly tough 2009.

The first reason for pessimism is the deepening economic woes in China. The economic growth rate in the third quarter of 2008 dropped to 9 percent. More people are losing jobs. The latest survey conducted by the Chinese Academy of Social Sciences, an official think-tank, shows the unemployment rate in urban areas is above 9 percent.

The second reason is that unlike the situation in America, a car remains a nice-to-have, not a must-have, to average Chinese people. According to official statistics, the average disposable income of urban residents in China was about 14,000 yuan (\$2,050) in 2007. Their cousins in the countryside only earned about one-third of that. By contrast, even an ordinary compact car like a Ford Focus in China now still costs above 100,000 yuan (\$14,600). An urban resident has to save for 7 years to buy a car.

It is true the recent policy measures the government has taken will help the domestic auto market achieve sustainable growth in the long term. These measures include cancelling road maintenance fees and offering tax incentives for people driving small cars. But their effects in boosting auto sales in the near term will be limited.

Cars are still viewed as a luxury in China, and during down times, people avoid unnecessary purchases. This explains why auto sales growth has been decreasing much faster than the general economy. Despite decades of economic prosperity, China still heavily relies on exports for growth. With the world deep in recession, it will take quite a while for the Chinese economy to regain growth momentum. Until the domestic economy starts recovering, it is hard to persuade Chinese consumers to buy cars, big or small.

## China's passenger cars market growth may slow to 4.6% in 2009

(2009-01-19)

Chinese passenger cars market is expected to see sale growth drop to the lowest 4.62 percent for 2009 amid the global financial crisis, according to a report by Ipsos China, an independent market research company.

The overall market will post a new growth in 2010 when the global economy recovers, the government stimulus policy takes effect and consumer confidence increases, the report said. The growth is expected to peak in 2012.

In the short term, the auto industry policy will prefer in-house development of automobiles and own-brand vehicles building. The development of fuel-efficient and environmentally-friendly auto technologies will be one of China's long-term priorities.

Leading consumer groups of passenger vehicles will care more about the cost of car using. The external conditions such as CPI, oil price and steel price will restrict the development of China's passenger vehicles market, said the report.

## Luxury market shines for car makers

(2009-01-21)

China's luxury car market remains a beacon of hope for international car makers although sales growth may be much slower this year because of the global financial crisis.

Luxury car makers, including Mercedes-Benz, Lexus and BMW, are continuing their expansion in China with almost synchronized launches of new models at the beginning of this year. Despite the global financial crunch, "we believe China remains one of the countries that have the most growth potential," said Shoju Nozaki, executive vice president of Toyota China.

The premium car market in China used to grow 30 percent year-on-year but was not fully immune to the global financial crisis as even well-heeled consumers began belt-tightening. The weaker demand was also because of higher taxes on large-engine vehicles which meant a price surge for imported luxury vehicles.

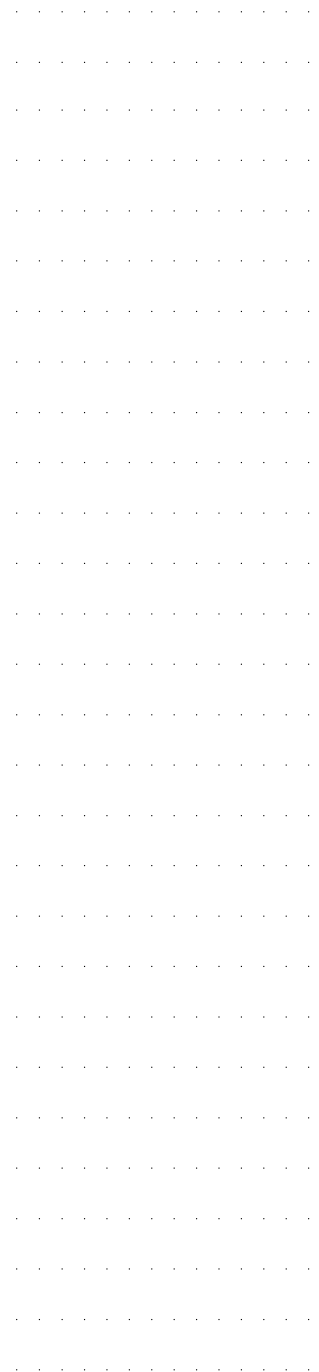
Figures from the consultancy Automotive Resources Asia showed the luxury car niche growth slowed to 15 percent for the first 11 months last year. Most analysts forecast the downturn will continue for the first half of this year.

“We still expect growth for the Chinese market this year, and we are sure the government stimulus package will have a positive impact especially in the second quarter,” said Klaus Maier, president and CEO of Mercedes-Benz (China) Ltd. “The increase in the premier car segment will be double-digit, compared to the 6 to 10 percent growth forecast for the overall passenger car market.” Last year, sales of Mercedes-Benz models, both locally made and imported, in the Chinese mainland jumped 44 percent to 38,700 units from 2008, after 12 new models were launched.

Godfrey Tsang, vice president of Toyota China in charge of the Lexus brand, was also confident about the growing momentum of the Chinese market in the long term. Lexus achieved international sales of 435,000 units last year, a sharp decline from 2007. But sales in China bucked the trend with a 30-percent jump, helping the country pass Japan to be the second-biggest market for Lexus for the first time, after the United States, Tsang said. He estimated the overall luxury car market in China would grow 3 to 5 percent this year.

Banking on the Chinese market, luxury car makers are pushing new models and expanding dealerships in the country. Lexus added the Lexus GS450h sedan to its lineup in China to catering to the trend of driving fuel-efficient and environmentally-friendly models. It is the third hybrid sedan brought to China after the RX400h and LS600hL.

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# STATISTICS



## Brilliance 2008 sales down 5% to 285,000 units

(2009-01-01)

Brilliance Auto sold only 285,119 vehicles as of December 27, 2008, down 5 percent from 2007, with sales revenue at 41 billion yuan (\$6 billion), said the automaker's CEO Qi Yumin. "It's the first drop in Brilliance history when it was established in 1992," Qi said. The company initially set this year's sales target at 330,000 vehicles, and then cut it down to 300,000 units.

## Dongfeng commercial vehicle exports exceed 10,000 units

(2009-01-01)

By the end of the 2008, Dongfeng Commercial Vehicle Co had exported a total of 10,682 commercial vehicles, up 51.28 percent year-on-year, over-fulfilling its preset annual export target of 9,000 vehicles.

The company's new heavy-duty truck Kinland (Tianlong in Chinese) and Hercules (Dalishen in Chinese) series have become favorites of Dongfeng's customers. By the end of November, Dongfeng had exported as many as 6,752 Kinland and Hercules trucks.

## Chery Auto 2008 sales down 4.2% to 356,000 units

(2009-01-05)

Car sales of China's fifth largest carmaker Chery Auto fell to 356,000 units in 2008 from 381,000 a year earlier, down around 4.2 percent. Exports rose to 135,000 units in 2008 from 119,800 in 2007, the company said in a statement. The carmaker missed its 2008 sales target of 480,000 units, with domestic sales projected at 300,000.

## Geely Auto hits 2008 sales target of 225,000 units

(2009-01-05)

Geely Auto Holdings Group had fulfilled its 2008 annual sales target of 225,000 units and targets to increase its sales by 25 percent in 2009.

In 2008, Geely Auto saw domestic sales increase by 11.6 percent and exports rise by 79.8 percent, achieving its targets for the year. The private carmaker made it clear that it would not cut jobs, production or sales target. Geely plans to sell 281,000 units in 2009, compared with 225,000 units in 2008.

## GM China sales growth slows to 6.1% in 2008

(2009-01-06)

General Motors Corp (GM) said today its China vehicle sales rose 6.1 percent in 2008, down sharply from 18.5 percent growth the previous year as a downturn in the economy hit automobile demand.

GM and its joint ventures sold 1.09 million vehicles in the country last year. Sales at its flagship car venture with SAIC Motor Corp fell 7.03 percent to 445,709 units last year due to limited new models.

Sales at its commercial vehicle venture SAIC-GM-Wuling rose 17.9 percent to 647,296 units, helped largely by the Wuling Sunshine minivan, popular in smaller cities and rural areas.

## Dongfeng 2008 passenger car sales up 14%

(2009-01-06)

Dongfeng Motor Corp, China's third-largest automaker, sold 14.01 percent more passenger cars in the country in 2008, outperforming General Motors (GM) as its Japanese partners Honda Motor and Nissan Motor lured buyers with new models.

Sales of Dongfeng's joint venture with Honda rose roughly 30 percent to more than 160,000 units and its passenger car venture with Nissan posted a rise of around 29 percent to more than 350,000 units. Its venture with PSA Peugeot Citroen, the worst performer among the partners, sold nearly 180,000 cars during the period, down 14 percent from a year earlier. But it remained profitable.

Dongfeng Motor has yet to roll out its self-developed car models, but its 3 car manufacturing ventures sold a total of 727,392 vehicles last year. Dongfeng's overall vehicle sales came to 1.06 million units, up 11.4 percent from a year earlier, with commercial vehicle sales up 6.1 percent at 330,530 units.

Dongfeng Yueda Kia Automobile Co, another Dongfeng company, saw 2008 sales reach 142,008 units, up 40 percent over 2007, eightfold above the industry's average growth rate.

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### China's vehicle imports and exports slowing

(2009-01-06)

China imported a total of 373,000 vehicles in the first 11 months of 2008, up 35.6 percent year-on-year, and 58,800 units more than the total number in 2007, customs data showed.

However, the imports for November 2008 dropped 39.2 percent year-on-year, and grew a slight 3.2 percent compared with October. The value of November's imports dropped 2.8 percent year-on-year to \$1.17 billion, the first monthly decline in the past 2 years. The customs forecast that the growth of vehicle imports will continue to slow down in the next 3 to 4 months as sales sputter.

The customs data also showed that in the first 11 months of 2008, China exported 609,000 units of vehicles with a total value of \$8.26 billion, growing by 18.7 and 42.7 percent respectively. November exports dropped 47 percent year-on-year to 33,000 units, the fourth consecutive monthly decline.

### China imports 4.05m vehicles since 1978

(2009-01-07)

China has imported 4.05 million vehicles since the country launched its reform and opening-up policy in 1978. The 30 years of reform and opening-up helped China make its greater economic achievements and expand the imports of vehicles. The emerging country saw its imported vehicles increase to 400,000 units of 2008 from 25,000 units in 1978, an average annual growth of 9.6 percent.

The Chinese government has cut the imported vehicles tax rate for 19 times since 1992, with the average tax rate down from 129 percent to the current 18.8 percent. The tax rate of passenger cars dropped to 25 percent from between 180 percent and 220 percent in 1992. Meanwhile, lots of non-tariff measures have been eliminated.

### Hyundai, Kia sales in China grow fast for 2008

(2009-01-07)

Hyundai Motor Co and Kia Motors Corp announced they saw significant sales growth in China for the past year, though the global auto market fell into the financial crisis in 2008. Hyundai sold 294,508 vehicles in China last year, up 27.4 percent year-on-year. The 2008 sales of Kia Motors hit 142,008 units in China, surging by 40 percent over 2007.

### Honda 2008 vehicle sales up 11.7% in China

(2009-01-08)

Honda Motor said its China vehicle sales rose 11.7 percent in 2008, slowing from a 31 percent rise in 2007. Honda sold 473,297 vehicles in China last year, up from 423,710 units

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in the year earlier, the company said in a statement. Sales in December fell 5 percent to 41,851 units, it said.

Sales by GAC Honda rose 3.7 percent year-on-year in 2008 to 306,183 vehicles. The growth was mainly spurred by demand for the new Accord sedan, whose sales rose 44.5 percent year-on-year to 170,309 units.

Sales by Dongfeng Honda rose 29.3 percent in 2008 to 164,216 vehicles, nearly half of which are contributed by its CR-V. Sales of the CR-V grew by 76.4 percent year-on-year to 80,607 units.

Sales of the imported Acura brand vehicles totaled 2,898 units in 2008, up 106.7 percent from 2007, outperforming the year's sales target. The Acura MDX SUV sold 2,139 units, up 119 percent from 2007.

Based on its good performance and strong confidence in the Chinese market, Honda Acura is expected to increase its China sales by 40 percent to 4,000 units this year. The number of Acura dealerships in the Chinese mainland had more than doubled to nearly 30 by the end of last year and will rise to 50 by 2010.

## FAW-Volkswagen leads 2008 passenger car sales

(2009-01-09)

FAW-Volkswagen, Shanghai Volkswagen and Shanghai GM grabbed the first 3 places among China's top 10 carmakers in 2008 passenger car sales, according to the latest data from the China Association of Automobile Manufacturers.

The top 10 carmakers in China in terms of passenger car sales in 2008 are FAW-Volkswagen, Shanghai Volkswagen, Shanghai GM, FAW Toyota, Chery, Dongfeng Nissan, GAC Honda, Beijing Hyundai, Geely, and Changan Ford.

The following table lists passenger vehicle sales volumes of the top 10 Chinese automakers in 2008:

Rank	Automaker	Sales (unit)
1	FAW-Volkswagen	498,867
2	Shanghai Volkswagen	490,087
3	Shanghai GM	468,642
4	FAW Toyota	365,699
5	Chery	356,092
6	Dongfeng Nissan	350,621
7	GAC Honda	305,997
8	Beijing Hyundai	294,517
9	Geely	230,420
10	Changan Ford	202,797

Source: China Association of Automobile Manufacturers

## Jiangling Motors 2008 vehicle sales 95,171 units

(2009-01-09)

Jiangling Motors Corp Ltd produced 94,340 vehicles in 2008, down from 95,285 a year earlier, and sold 95,171 units, up from 95,059 in 2007.

In a statement filed with the Shenzhen Stock Exchange, the company said it produced 37,736 light trucks, 27,001 Ford Transit commercial vehicles, 26,379 pickup trucks, 2,621 SUVs and 603 microbuses in 2008. In the meantime, the company sold 38,290 light trucks, 27,472 Ford Transit commercial vehicles, 26,073 pickup trucks, 2,765 SUVs and 571 microbuses.

## China's 2008 auto sales up 6.7% to 9.38m units

(2009-01-12)

Vehicle sales in China rose 6.7 percent in 2008 to 9.38 million units, according to the China Association of Automobile Manufacturers. Sales were lower than the 10 million forecast by the association at the start of last year. In 2007, China's auto sales rose 21.8 percent to 8.79 million units.

Among them, passenger car sales rose 8.1 percent year-on-year to 644,028 units while output down 18 percent year-on-year at 493,806 units. Full-year sales of passenger vehicles in China, excluding exports, rose only 7.4 percent to 6.43 million units in 2008, a significant fall from the double-digit growth rates seen in recent years, as the global recession stunted demand.

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### December 2008 motor vehicle production by class

Item	Dec 2008	Jan-Dec 2008	Jan-Dec 2007	Change from Nov 2008	Change from Dec 2007	Change from Jan-Dec 2007
Motor Vehicles Total	627,017	9,345,101	8,882,455	down 8.6%	down 23.7%	5.2%
(Domestic)	617,659	9,211,262	8,763,251	down 8.7%	down 23.7%	5.1%
(CKD)	9,358	133,839	119,204	0.5%	down 21.7%	12.3%
Passenger Cars	488,983	6,737,745	6,381,115	down 8.4%	down 21.4%	5.6%
(Diesel Engine)	2,607	39,384	44,754	down 12.2%	down 40.1%	down 12.0%
(Gasoline Engine)	486,286	6,697,505	6,336,049	down 8.3%	down 21.3%	5.7%
(Others)	90	856	312	12.5%	114.3%	174.4%
(Basic Cars)	366,392	5,037,334	4,797,687	down 10.2%	down 21.3%	5.0%
(MPVs)	9,378	191,740	224,733	down 41.7%	down 53.5%	down 14.7%
(SUVs)	36,625	447,956	360,060	5.6%	down 3.7%	24.4%
(Utility Vehicles)	76,588	1,060,715	998,635	2.5%	down 22.6%	6.2%
Commercial Vehicles	138,034	2,607,356	2,501,340	down 9.5%	down 30.8%	4.2%
(Diesel Engine)	106,831	2,116,208	2,030,857	down 9.1%	down 35.1%	4.2%
(Gasoline Engine)	31,124	489,611	468,616	down 11.0%	down 9.8%	4.5%
(Others)	79	1,537	1,867	64.6%	down 70.1%	down 17.7%
(Buses)	22,531	251,733	242,022	25.0%	1.4%	4.0%
(Trucks)	89,492	1,630,038	1,522,605	down 14.3%	down 27.5%	7.1%
(Truck Trailers)	3,150	195,314	178,040	down 17.3%	down 72.4%	9.7%
(Chassis, etc. of Buses)	6,304	85,416	101,983	8.0%	down 28.1%	down 16.2%
(Chassis, etc. of Trucks)	16,557	444,855	456,690	down 18.9%	down 50.7%	down 2.6%

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December 2008 motor vehicle sales by class

Item	Dec 2008	Jan-Dec 2008	Jan-Dec 2007	Change from Nov 2008	Change from Dec 2007	Change from Jan-Dec 2007
Motor Vehicles Total	741,594	9,380,502	8,791,523	8.2%	down 11.6%	6.7%
(Domestic)	730,479	9,243,600	8,673,345	7.8%	down 11.9%	6.6%
(CKD)	11,115	136,902	118,178	47.0%	8.8%	15.8%
Passenger Cars	584,609	6,755,609	6,297,533	11.8%	down 8.0%	7.3%
(Diesel Engine)	3,984	42,525	43,542	down 3.3%	23.2%	down 2.3%
(Gasoline Engine)	580,541	6,712,185	6,253,577	11.9%	down 8.2%	7.3%
(Others)	84	899	414	25.4%	833.3%	117.2%
(Basic Cars)	452,434	5,046,934	4,726,612	16.1%	down 6.9%	6.8%
(MPVs)	13,930	197,393	225,745	down 3.5%	down 36.9%	down 12.6%
(SUVs)	40,599	447,722	357,366	16.0%	5.7%	25.3%
(Utility Vehicles)	77,646	1,063,560	987,810	down 7.4%	down 12.7%	7.7%
Commercial Vehicles	156,985	2,624,893	2,493,990	down 3.3%	down 23.0%	5.3%
(Diesel Engine)	123,539	2,132,261	2,010,192	0.5%	down 24.7%	6.1%
(Gasoline Engine)	33,356	491,096	481,952	down 15.1%	down 15.8%	1.9%
(Others)	90	1,536	1,846	109.3%	down 65.5%	down 16.8%
(Buses)	21,064	252,837	247,490	19.4%	down 23.7%	2.2%
(Trucks)	101,677	1,640,560	1,516,375	down 7.8%	down 15.3%	8.2%
(Truck Trailers)	4,522	194,155	177,776	0.9%	down 62.0%	9.2%
(Chassis, etc.of Buses)	7,561	87,756	101,990	28.5%	down 21.2%	down 14.0%
(Chassis, etc.of Trucks)	22,161	449,585	450,359	down 7.6%	down 36.4%	down 0.2%

Source: China Association of Automobile Manufacturers

## Dongfeng Nissan 2008 sales up 29% to 350,000 units

(2009-01-12)

Dongfeng Nissan sold 350,000 vehicles in 2008, up 29.63 percent from 2007, exceeding its sales target of the year and gaining a 9.3 percent market share, the sixth among the top 10 Chinese automakers in 2008 passenger vehicles sales.

The joint venture carmaker aims to increase its sales in 2009 by 15 percent to 400,000 vehicles. But the growth will be achieved by existing car models. The company has not planned any new car models for next year as the economic climate and market demand are hard to predict amid the financial crisis.

## Medium- and high-end sedan 2008 sales growth slows to 3%

(2009-01-12)

China's sales growth of medium- and high-end sedans in 2008 saw a staggering slow-down to 3 percent from the glorious 32 percent in 2007, and as the financial crisis is spilling over into 2009, the market competition will get fiercer.

Sales of medium- and high-end sedans in the Chinese market reached about 1.04 million units in 2008, accounting for 17 percent of total passenger vehicle sales. In 2008, the top 3 best-selling medium- and high-end sedan models in China were the Honda Accord, Toyota Camry and Passat Lingyu. The 3 models sold nearly 440,000 units in total, accounting for over 40 percent of the market segment.

## BMW 2008 China car sales rise 28%

(2009-01-13)

BMW, the world's largest premium car maker, sold 28 percent more cars in China in 2008, slowing from growth of 42 percent in 2007. BMW sales came to 65,822 units last year, up from 51,588 units in 2007. Sales of BMW brands rose 27 percent to 62,688 units, including 35,163 BMW 3 Series and 5 Series cars made in China. Sales of Minis jumped 43 percent to 3,134 units.

## Changan Ford Mazda sales down 6% in 2008

(2009-01-13)

Car sales at Changan Ford Mazda, Ford Motor's China car venture, fell 5.9 percent to 204,334 units in 2008 after jumping 60 percent in 2007.

Ford also holds a 30 percent stake in its commercial vehicle tie-up with Jiangling Motors Corp, which makes Ford Transit van and Jiangling brand vans and pick-up trucks. Overall sales of Ford and its 2 China ventures came to 306,306 vehicles.

Mazda Motor Corp, partly owned by Ford Motor, sold 25.5 percent more to 127,846 vehicles in China in 2008. In December, sales rose 22.5 percent year-on-year to 12,984 vehicles.

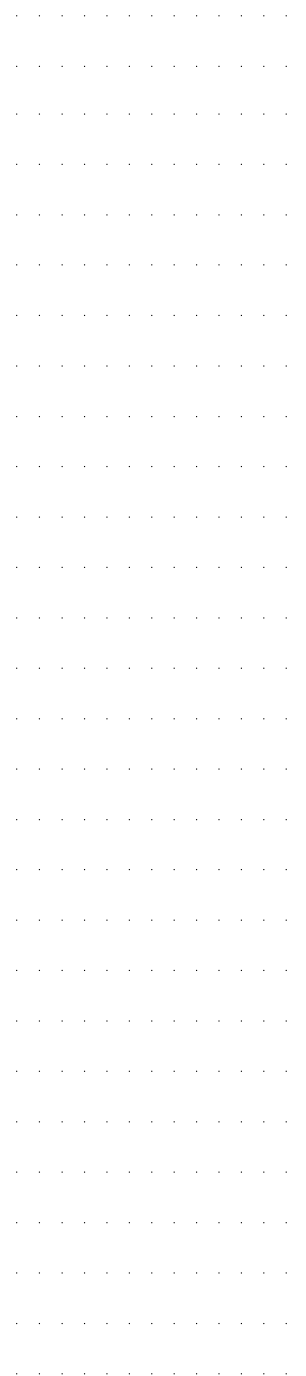
Changan Automobile Co, Changan Automobile Co Ltd's parent, announced it sold 862,000 vehicles in 2008, with Changan mini-bus sales reaching 362,000 units. In 2009, Changan aims to sell 500,000 Changan mini buses, up 30 percent over 2008, Changan's board director Xu Liuping disclosed.

## BYD sells 170,000 vehicles in 2008, up 89%

(2009-01-15)

In 2008, BYD Auto sold 170,000 vehicles, growing by 89 percent from 2007, and the company aims to more than double the car sales to 400,000 units this year by launching more new car models, including the F5, F4 mid-sized sedan models, the M6 MPV, the S6 SUV, and the F8 hardtop convertible models.

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## Shaanxi Auto 2008 sales up 11.6% to 76,000 units

(2009-01-15)

Shaanxi Automobile Group Co reported its output and sales growth in 2008, up 11.6 percent year-on-year to 76,000 units. The heavy-duty truck maker achieved exports sales of \$550 million, surging by 120 percent from 2007. The company ranked 13th among the top 30 Chinese automakers in 2008.

The automaker is planning to inject capital of 3 billion yuan (\$439 million) in 2009 to establish an automobile industrial zone in Baoji city, Shaanxi province, to specialize in building special-purpose vehicles, mini buses and auto parts. The total value of the industrial base will reach 30 billion yuan.

## Beiqi Foton sells 409,563 vehicles in 2008, up 1.9%

(2009-01-16)

Beiqi Foton Motor Co, China's largest maker of commercial vehicles, sold 409,563 vehicles in 2008, up 1.9 percent from 2007. Specifically, the automaker sold 59,705 medium- and heavy-duty trucks last year, down 5.5 percent; 329,890 light and mini trucks, up 3.0 percent; 13,775 mini buses, down 7.7 percent; 2,548 large- and medium-sized buses, up 34.7 percent, and 3,645 other vehicles such as SUVs and the MP-X, up 112.3 percent.

In December 2008, the company sold 19,633 vehicles, including 1,739 medium- and heavy-duty trucks, 16,283 light and mini trucks, 1,107 mini buses, 292 large- and medium-sized buses, and 212 other vehicles.

## Auto sales up 12% in Beijing

(2009-01-19)

In 2008, there were 490,000 new vehicles sold in Beijing, up 12 percent year-on-year. Some 30,000 of the 490,000 vehicles sold in the Chinese capital are imported ones. Although the sales volume increased, most auto dealers made fewer profits while 40 percent of them suffered losses in 2008.

## Volkswagen 2008 China sales up 12.5%

(2009-01-21)

Volkswagen said its sales in the Chinese market, including Hong Kong and Macao, grew 12.5 percent in 2008 to 1.024 million vehicles. Volkswagen China said the figure exceeded the target of 1 million and the growth rate was the fastest of all Volkswagen markets in the world.

## Top 3 Chinese automakers take 48.7% of domestic market

(2009-01-21)

The top 3 Chinese automakers in terms of sales volume took 48.7 percent of the domestic market in 2008, up 1.8 percentage points from 2007, the China Association of Automobile Manufacturers said in a report.

Shanghai Automotive Industry Corporation (SAIC), FAW Group and Dongfeng Motor Corporation sold a total of 4.57 million automobiles in 2008. SAIC's sales volume rose 10.72 percent year-on-year to 1.72 million units in 2008, and FAW Group sold more than 1.53 million vehicles in total, up 6.75 percent from 2007. Dongfeng Motor witnessed the fastest growth, with its sales volume up 16.12 percent year-on-year to 1.32 million units in 2008.

## Audi 2008 China sales up 17% to 119,598 units

(2009-01-22)

Audi, a premium brand subsidiary of Volkswagen AG, has announced that its sales in China, including Hong Kong, increased 17 percent year on year to 119,598 vehicles in 2008. Construction of a new assembly plant in Changchun has started to expand production capacity.

Last year, sales of Audi cars locally made by FAW-Volkswagen in Changchun increased 14 percent to 105,958 units, including 85,367 Audi A6L, up 16 percent, and 20,591 Audi A4 models, up 4 percent. Sales of imported Audi vehicles grew 55 percent. The Audi TT sold 1,764 units and the Audi Q7 hit 5,806 units, growing 68 and 52 percent respectively. Sales of the Audi A8 rose 35 percent to 4,608 units, making China the world's largest sales market for the model.

## Top 5 MPV brands in 2008 sell 127,600 units

(2009-01-22)

China's top 5 best-selling MPV brands sold 127,600 units in 2008, accounting for 65 percent of the year's total MPV sales in the country, with Brilliance Grace gaining growth while sales of all other brands decline, according to the China Association of Automobile Manufacturers.

According to the latest data released by the association, the top 5 best-selling MPVs in China in 2008 were, from highest sales, the Jianghuai Refine, Buick GL8, Honda Odyssey, Dongfeng Joyear and Brilliance Grace.

In December 2008, the top 5 best-selling MPV brands, from highest sales, were the Buick GL8, Jianghuai Refine, Honda Odyssey, Brilliance Grace, and Dongfeng Joyear. Compared with the rankings in November, Buick GL8 recaptured its first place from Jianghuai Refine, but the others remained in the same place. The 5 best-selling MPV brands in December sold 8,900 units, accounting for 64 percent of the total MPV sales in China during the month.

## Skoda '08 China sales up 117% to 59,284 units

(2009-01-22)

Skoda Auto, under the control of Volkswagen AG, sold 59,284 cars in China in 2008, representing a remarkable increment of 117 percent from a year earlier. The automaker expects its vehicle sales to rise 50 percent to 90,000 units this year, according to Fu Qiang, deputy director of Skoda Marketing & Sales Business of Shanghai Volkswagen Co.

The company plans to launch its new model, the Skoda Superb, in the Chinese market this year, said Fu, adding that it will help expand the brand's market share to 3 percent from 1 percent in 2008. Skoda, which has 80 authorized dealers across China, also plans to increase the number to 200 by the end of this year, said Fu. In order to achieve the target, the company will double its China output capacity in 2009.

## FAW Car 2008 net up 90-120%, Changan down

(2009-01-23)

FAW Car Co, a unit of one of China's 3 largest auto makers, said its 2008 net profit rose 90 to 120 percent to 1.05-1.20 billion yuan (\$153.6-175.5 million), boosted by expanded sales and production.

The rise, based on preliminary, unaudited results, compared with an estimated sharp drop in net profit at Chongqing Changan Auto Co, Ford Motor's main Chinese partner, to 38.93 million yuan in 2008 from 666.89 million yuan a year earlier, also based on preliminary, unaudited results.

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The companies will issue final results for 2008 in coming weeks. The results at FAW, which makes Mazda Motor's mid-sized Mazda 6 sedans and whose parent company is a partner of Volkswagen AG and Toyota Motor, also contrasted with an estimated profit slump of more than 50 percent at SAIC Motor, China's largest automaker.

## SAIC 2008 net profit down 50%, hit by Ssangyong

(2009-01-23)



China's SAIC Motor said today it expected its net profit in 2008 to have fallen more than 50 percent from a year earlier, hit in part by its investment in South Korea's Ssangyong Motor Co, which has filed for bankruptcy protection.

SAIC, China's largest automaker, also blamed a slowdown in sales amid a slumping economy for the slide in profit. It earned a net profit of 4.63 billion yuan (\$677 million), or 0.708 yuan per share, last year. The company said in a statement it expected to set aside substantial provisions for its investment in Ssangyong, in which it holds a 51 percent stake.

## Toyota 2008 China sales up 17%

(2009-01-12)

Toyota Motor Corp sold 585,000 vehicles in China in 2008, 17 percent more compared with 2007. That compared with Honda Motor's 11.7 percent rise to 473,297 units in the country in 2008. Sales of Volkswagen in the Greater China rose 12.5 percent to 1.02 million vehicles, while General Motors' sales rose 6.1 percent to 1.09 million vehicles in China.