

CHINA BUSINESS UPDATE

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NEWS OF THE WEEK

The comfort version of the 1.1-liter QQ made by SAIC-Chery Automobile Co., Ltd. was officially launched to the market on May 31 at a price tag of only ¥49,800. Executives of SAIC-Chery denied reports that the QQ infringes on other's intellectual property rights.

OEM NEWS

As part of the Dongfeng-Nissan alliance, the Fengshen Automobile Co., Ltd. will formally start production of the Nissan Sunny line at the company's Huadu plant in Guangzhou on June 16, according to a report in *Yangcheng Evening News*.

The Geely Group's four manufacturing plants located in Zhejiang and Shanghai are now in place to offer a combined annual production capacity of 600,000 units, according to a report in *Economic Reference News* citing Geely Holding Group's president Xu Gang.

NEW PRODUCTS

The Lubao (Road Treasure) made by Hafei Automobile Co., Ltd. officially rolled off the production line on May 28. The model is based on a brand new platform independently designed by Hafei with vehicle body designed by Pinafarina.

The Changfeng Automobile Manufacturing Co., Ltd. will introduce its Liebao io, a family SUV, in September this year with a price of ¥180,000, according to a report on *chinacars.com*.

The 1.6-liter Familia made by FAW-Hainan Automobile Co., Ltd. will be introduced to the market this July as scheduled and its price will be much lower than the 1.8-liter Familia, according to a report in *Beijing Youth Daily*.

The 4x2 Jeep 2500 made by Beijing Jeep Corp., Ltd. was officially introduced to the market on May 26 and the 4x4 version will be introduced to the market early next month, according to a report on *Beijing Youth Daily*.

The 1.1-liter Flyer QC7110 was introduced to the Gaungdong market recently, according to a report in *China Automotive News*.

HEAVY DUTY NEWS

The Shenfei Hino Automobile Manufacturing Co., Ltd. recently introduced in Shenzhen a new super luxury and extended ru2p coach with a price tag of close to ¥2 million, according to a report in *China Industry News*.

The Shaanxi Automobile Group Corp. produced and sold 9,376 and 8,702 units of vehicles in the first four months of the year, up 51 and 45 percent respectively from the same period of last year, according to a report in *China Industry News*.

PRICE REDUCTION NEWS

The prices of 10 variations of the Xiali (Charade) and Golden Xiali models made by Tianjin FAW-Xiali were reduced on May 23 by ¥2,000-¥7,500, according to company announcement.

The prices of various versions of the Haoqing and Ulio made by Geely Automobile Co., Ltd. were reduced on May 27 by ¥1,000-¥6,000. The lowest price of the Haoqing model now sells for ¥35,999.

The Tianjin FAW-Xiali Automobile Co., Ltd. announced price reductions on all versions of its Vitz, Echo and Xiali 2000 models on May 30, effective June 1. The maximum price reduction and reduction rate were respectively ¥10,000 and 10.12 percent.

EV & ALTERNATIVE FUEL

A China made electric vehicle named Heibao (Black Leopard) (see *v9n11, p. 8* and *v9n12, p. 8*), competed for the first time at the 15th "Green Car Rally" held recently in Washington DC and received positive appraisal, according to a report in *Economic Reference News*.

The Lanzhou Creative Science and Technology Co., Ltd. is developing a battery-powered public bus, according to a report in *West Business News*.

The Shandong University of Technology made a breakthrough in its research on direct methanol fuel cells, according to a report on *chinahighwaynet*.

AUTOMOTIVE STOCKS

The stock price of Jiangling Motors (000550) has risen by close to 90 percent from January to mid-May this year, according to a report in *Securities Daily*.

The Sanhuan Co., Ltd. (000883) located in Hubei Province plans to invest ¥99 million to acquire the Wuhan Special-Purpose Vehicle Co. in Wuhan owned by its major shareholder, the Sanhuan Group Corp., according to a report in *Securities Times*.

NEWS IN BRIEF

China imported \$3.39 billion worth of automotive products in the first four months of the year, including 61,100 units of automobiles worth \$1.59 billion, up 130, 113 and 126 percent, respectively, from the same period of last year, according to Customs statistics.

A total of 5.64 million units of vehicles in China were insured in the first quarter of the year with insurance coverage amounting to ¥1.3 trillion, up 13.1 and 30.6 percent, respectively, from the same period of last year, according to statistics from the China Insurance Regulatory Commission.

The State Council recently approved the setup of 13 more additional export processing zones, bringing the total number of export processing zones in the country to 38 since 2000, according to a report in *China Automotive News*.

The lowest bidding price at Shanghai's private license plate auction in May reached a record ¥35,000 a piece, according to a report in *Economic Information Daily*.

UPCOMING EVENTS

June 5-8, 2003: China International Environmental Vehicle, Special-Purpose Vehicle and Related Technological Equipment Exhibition, Beijing Exhibition Hall

July 1-4, 2003: The 5th Shanghai International Die Equipment Exhibition, Shanghai New International Expo Center

July 3-8, 2003: The 3rd China Shenyang International Automotive Industry Exhibition, Shenyang

International Exhibition Center

July 15-22, 2003: The 3rd China Changchun International Automobile Exhibition, Changchun International Convention & Exhibition Center

July 16-18, 2003: The 2nd Shanghai International Automotive Parts & Related Products Expo, Shanghai Mart

September 3-6, 2003: The 2nd China (Guangzhou) International Automotive Products Exhibition, China Export Commodity Trade Exhibition Hall, Guangzhou

September 25-28, 2003: The 3rd Hong Kong International Automobile Parts & Components, Maintenance and Test Equipment Exhibition, Hong Kong Convention & Exhibition Center

September 25-28, 2003: Beijing International Commercial Vehicle and Automotive Parts and Related Products Exhibition, Beijing Exhibition Hall

October 11-14, 2003: The 5th China (Wuhan) International Automobile Industry Exhibition, Wuhan

November 6-9, 2003: Beijing International Motorcycle Exhibition, Beijing Exhibition Hall

November 6-13, 2003: The 6th Chengdu International Automobile Exhibition, Chengdu International Convention and Exhibition Center

November 14-18, 2003: The 7th Shenzhen International Automobile Exhibition, Shenzhen High and New Technology Results Trade & Exhibition Center

December 12-15, 2003: China International Tire Expo 2003, Shanghai East Asia Exhibition Center

NEW BOOKS/DOCUMENTS FROM CBU

China's Automobile Industry Annual Report and Long-Term Forecast 2003 (coming soon)

China's Automotive Policies, Laws and Regulations 2003 (coming soon)

Directory of Chinese Vehicle, Motorcycle, Component and Parts Manufacturers 2003 (coming soon, with CD)

Methods of Administration on the Market Entry of Motorcycle Production (available now)

Methods of Administration over Automobile Financing Institutions, October 8, 2002, (available now)

Administrative Regulations on the Recall of Defective Automobiles (Draft), October 2002 (available now)

China's Automobile Industry Annual Report and Long-Term Forecast 2002 (available now)

Directory of Chinese Vehicle, Motorcycle, Component and Parts Manufacturers 2002 (available now, with CD)

Types of Motor Vehicles and Trailers -- Terms and Definitions (GB/T3730.1-2001) (available now)

Classification of Motor Vehicles and Trailers (GB/T5089-2001) (available now)

China's 10th Five-Year Plan for the Development of the Automotive Industry (available now)

China's 10th Five-Year Plan for Saving and Comprehensive Utilization of Resources (available now)

China's 10th Five-Year Plan for Saving and Substituting Fuel Oil (available now)

China's 10th Five-Year Plan for the Development of New and Renewable Energy Sources (available now)

China's Automobile Industry Annual Report 2001 (available now)

China's Automotive Policies, Laws and Regulations 2000 (available now)

Global Sourcing and China's Auto Industry, CBU 2001 international conference documents (available now)

China's Automobile Industry in the New Millennium, CBU 2002 int'l conference documents (available now)

China's Post-WTO Automobile Sales, Distribution and the Aftermarket, CBU 2003 int'l conference documents (available now)

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ANALYTICAL FEATURES IN CBU-Auto Vol. 9 (2003)

Annual Roundup: 2002 – The Beginning of a New Chapter in China's Automobile Industry (I), No. 1

Beijing-Hyundai Automobile: Challenges of A Latecomer, No. 2

Annual Roundup: China's Automobile Market in 2002 -- Sector and Statistics Analysis (II), No. 3

Mazda and FAW Sedan: Cooperation for Quick Profit, -- News Analysis, No. 4

Excessive Profit and Distorted Price Structure Detrimental to the Long-Term Growth of China's Auto Industry

-- Zhang Guobao, Deputy Director, State Development Planning Commission, No. 4

China's Trade Disputes in 2003 May Focus on Automobiles

-- Lu Fuyuan, Vice Minister, Ministry of Foreign Trade and Economic Cooperation, No. 4

Annual Roundup: China's Automobile Market in 2002 -- Sector and Statistics Analysis (III), No. 5

The Automobile Industry Should Contribute to China's Employment

-- Ou Xinqin, Deputy Director, State Economic and Trade Commission, No. 5

Made in China and Sold to the World

- *Chen Qingtai, Deputy Director, State Council Development and Research Center, No. 5*
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