

# CHINA BUSINESS UPDATE

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## **CBU-AutoEnews**

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### **NEWS OF THE WEEK**

All cabin-forward mini vehicles that do not satisfy the requirements stipulated in the *Design Regulations on the Protection of Passengers from Frontal Collision* will be prohibited from registration starting from July 1 of this year, according to a notice issued earlier this year by the former State Economic and Trade Commission. If enforced, China's popular minivans and mini-trucks that have been well received by consumers for more than a dozen years will be forced out of the market.

### **JOINT VENTURE UPDATE**

Changchun, Jilin -- The FAW Group, China's largest automaker, and BaoSteel, China's largest steel maker, signed a strategic cooperation agreement on June 21 in Changchun, where FAW is based. According to the agreement, FAW and BaoSteel will cooperate in a wide range of areas including steel supply, technology development, steel processing, logistics and enterprise management and automobile sales. As the first by-product of this alliance, FAW, BaoSteel and Sumitomo Corp. of Japan jointly signed a joint venture contract on the same day to set up the Changchun FBS Steel Processing & Distribution Co., Ltd.

### **NEW PRODUCTS**

Nanjing-Fiat officially launched the fourth of its car models, the Palio Weekend station wagon, on June 22. Retail prices of the EL, ELX and Speedgear versions are ¥111,900, ¥121,900 and ¥142,900, respectively.

Shanghai-Volkswagen officially launched its Polo sedan on June 26 via an online ceremony held on *sina.com.cn*, the first Internet launching for a new car model in China. The Polo sedan is reportedly specially designed for the China market. It comes in a 1.4-liter or 1.6-liter version priced between ¥130,900 and ¥161,900 depending on equipment.

The Beiqi Futian Automobile Co., Ltd., China's leading light vehicle producer, recently introduced a new model of its Scenic light bus series, the Scenic Alfa, according to a report on *chinacars.com*.

The Dongfeng Liuzhou Automobile Co., Ltd. under the Dongfeng Motor Corp. will soon introduce to the market, for a limited time, an Experience version of its Future MPV priced at only ¥109,800 aimed at medium and small businesses, according to a report in *Shenzhen Economic Daily*.

The Nanjing-Iveco Automobile Co., Ltd. (NAVECO), a subsidiary of the Nanjing Automobile Group Corp., recently introduced the Kangoo commercial vehicle priced at ¥136,800 to the market, according to a report on *qiche.com.cn*.

### **EV & ALTERNATIVE FUEL**

The Dongfeng Electric Vehicle Co., Ltd. (DEVCO) started its construction of a specially designed state-level electric vehicle R&D Center on June 15 inside the Wuhan Economic and Technological Development Zone, according to a report on the company's website, *www.dfev.com.cn*.

The State Electric Vehicle Proving Ground located in Shantou of Fujian Province passed the second-phase inspection conducted by the China National Key Construction Project Supervision and Management Bureau.

The City of Tianjin will put its first sub-CNG stations located in the metro area into service this month, according to a report in *China Petrochemical News*.

A new type of premium biological diesel fuel made from waste oil was successfully developed in Fujian Province recently, according to a report on *chinacars.com*.

### **PRICE REDUCTION NEWS**

The prices of the Bora made by FAW-Volkswagen were reduced on June 23. The price of the base model was reduced by ¥7,500, that of the comfort model by ¥12,000 and luxury by ¥15,000.

### **SUPPLIER NEWS**

Denso Corp., the world's third-largest auto-parts maker, plans to triple sales in China to 50 billion yen (\$416 million) in the three years ending March 31, 2006 in a bid to grab the top spot in the country's components market by 2010, according to MEMA Industry News.

Visteon Corp. is moving its Asian regional headquarters from Tokyo to Shanghai as part of a plan to accelerate its investment in China, according to a report in *Financial Times*.

The Wanxiang Automotive Parts Co., Ltd. was recently formed in Shishou of Hubei Province via 55:45 joint investment from the Wanxiang Group and Hubei Silian Automotive Industry Co., Ltd., according to a report in *China Industry News*.

### **NEWS IN BRIEF**

China's fixed asset investment during the first five months of the year reached ¥1.0578 billion, up 31.7 percent from the same period of last year, according to the latest figures from the National Bureau of Statistics.

Automobile sales in Beijing during the first five months of the year reached 119,000 units, including 72,900 units of new automobiles worth ¥12.12 billion and 46,100 units of used worth ¥1.897 billion, according to statistics from the city's Statistical Bureau.

### **UPCOMING EVENTS**

**July 1-4, 2003:** The 5<sup>th</sup> Shanghai International Die Equipment Exhibition, Shanghai New International Expo Center

**July 3-8, 2003:** The 3<sup>rd</sup> China Shenyang International Automotive Industry Exhibition, Shenyang International Exhibition Center

**July 15-22, 2003:** The 3<sup>rd</sup> China Changchun International Automobile Exhibition, Changchun International Convention & Exhibition Center

**July 16-18, 2003:** The 2<sup>nd</sup> Shanghai International Automotive Parts & Related Products Expo, Shanghai Mart

**July 24-25, 2003:** China Auto Logistics and Supply Chain Management Summit 2003, Novotel Atlantis, Pudong, Shanghai

**July 26, 2003:** CBU QFF and Long-Term Forecast Seminar, China Travel Service Hotel, Beijing

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

**September 25-28, 2003:** The 3<sup>rd</sup> 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 5<sup>th</sup> China (Wuhan) International Automobile Industry Exhibition, Wuhan  
**November 6-9, 2003:** Beijing International Motorcycle Exhibition, Beijing Exhibition Hall  
**November 6-13, 2003:** The 6<sup>th</sup> Chengdu International Automobile Exhibition, Chengdu International Convention and Exhibition Center  
**November 14-18, 2003:** The 7<sup>th</sup> Shenzhen International Automobile Exhibition, Shenzhen High and New Technology Results Trade & Exhibition Center  
**November 20-23, 2003:** The 2003 China Automotive Service Products Expo and Family Vehicle Maintenance Knowledge Symposium, National Agricultural Exhibition Hall, Beijing  
**December 12-15, 2003:** China International Tire Expo 2003, Shanghai East Asia Exhibition Center  
**March 2004:** China Automotive Sourcing Expo & Congress, Shanghai Exhibition Center

#### **NEW BOOKS/DOCUMENTS FROM CBU**

*China ; f\$ 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* (available now, 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 ; f\$ 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 ; f\$ 10th Five-Year Plan for the Development of the Automotive Industry* (available now)  
*China ; f\$ 10th Five-Year Plan for Saving and Comprehensive Utilization of Resources* (available now)  
*China ; f\$ 10th Five-Year Plan for Saving and Substituting Fuel Oil* (available now)  
*China ; f\$ 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 ; f\$ Auto Industry*, CBU 2001 international conference documents (available now)  
*China ; f\$ Automobile Industry in the New Millennium*, CBU 2002 int ; f1 conference documents (available now)  
*China ; f\$ Post-WTO Automobile Sales, Distribution and the Aftermarket*, CBU 2003 int ; f1 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 ; f\$ Automobile Industry (I), No. 1*  
*Beijing-Hyundai Automobile: Challenges of A Latecomer, No. 2*  
*Annual Roundup: China ; f\$ 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 ; f\$ Auto Industry -- Zhang Guobao, Deputy Director, State Development Planning Commission, No. 4*  
*China ; f\$ Trade Disputes in 2003 May Focus on Automobiles -- Lu Fuyuan, Vice Minister, Ministry of Foreign Trade and Economic Cooperation, No. 4*  
*Annual Roundup: China ; f\$ Automobile Market in 2002 -- Sector and Statistics Analysis (III), No. 5*  
*The Automobile Industry Should Contribute to China ; f\$ 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*  
*Annual Roundup: China ; f\$ Automobile Market in 2002 – Sector and Statistics Analysis (IV), No. 6*  
*Interview with Miao Wei, Director of China Association of Automotive Manufacturers, No. 6*  
*Annual Roundup: China ; f\$ Automobile Market in 2002 – Sector and Statistics Analysis (V), No. 7*  
*China ; f\$ Automotive Import & Export Market in 2002 and 2003, No. 8*  
*New Flexible Insurance Rates Promise Better Service to Consumers, No. 9*

*Executive Views (I): What Contributed to the ; Gushing ; –Growth of China ; f§ Automobile Market in 2002? No. 10*

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*Executive Views (IV): ; Building a Well-Off Society ; — Challenges & Opportunities for the Auto Sector, No. 13*

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*China ; f§ Automobile Market in the First Quarter of 2003, No. 16*

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*Disorderly Lubricant Market in Need of Overhaul, No. 17*

*Automobile Assembly: A Lucrative Business in China, No. 18*

*Interview with Mei Wei Cheng, Ford China Chairman & CEO, No. 19*

*The Untimely Birth of the Fiesta and the Unclear Position of Ford in China, No. 19*

*Interview with Ron Tyack, President of Chang ; f§n-Ford Automobile Co., Ltd., No. 19*

*China National Heavy Truck and Volvo Truck: Marriage After Nine Years of Courtship, No. 20*

*China Farm Vehicle Market in 2002 and 2003, No. 21*

*China Motorcycle Market in 2002 and 2003, No. 22*

*Pay Attention to the Rural Market in Drafting the Auto Industry Policy, No. 22*

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