

CHINA BUSINESS UPDATE

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NEWS OF THE WEEK

The China Heavy-Duty Truck Corp. and Volvo Truck Corp. of Sweden signed a joint venture contract on June 9 in Beijing to set up the Jinan Huawo (China Volvo) Truck Co., Ltd., according to Volvo (China) Investment news release.

LAWS & REGULATIONS

China will prohibit the sales of cabin-forward minivans beginning July 1, as was mandated by the former State Economic and Trade Commission.

JV UPDATE

Wuhan, Hubei -- The new Sino-Japanese Dongfeng Motor Co., Ltd. was officially formed on June 9 and will start operating on July 1.

The Honda Motor (China) Co., Ltd. was officially formed on May 29 in the export-processing zone in Guangzhou. Jointly invested by Honda, Guangzhou Automotive Industry Group Corp. and Dongfeng Motor Corp., Honda Motor (China) plans to start production of the Honda Fit in the second half of 2004.

MERGERS & ACQUISITIONS

The Zhengzhou Yutong Bus Co., Ltd., Shanghai Yutong Investment Co. and Chongqing Bus General Factory recently signed a letter of intent to jointly establish the Chongqing Yutong Bus Co., Ltd. to produce Yutong brand buses in Chongqing, according to a report in *China Industry News*.

The Shanghai Automobile Co., Ltd., Jinbei Automobile Co., Ltd. and Shenyang Jinbei Automobile Industry Co., Ltd. plan to set up the Shenyang-SAIC-Jinbei Automotive Transmission Co., Ltd., according to a report on *chinacars.com*.

The Tongtian Automobile Co., Ltd. was recently formed based on the former Jiangbei Machinery Works in Jilin Province, and the new company's first Geluo (JTT7080) car model appeared in the most recent *Circular of Vehicle Manufacturers and Their Products* released by the State Development and Reform Commission, according to a report in *Nanfang Daily*.

NEW PRODUCTS

The 2003 models of the 1.3-liter Lingyang (Swift) OK series made by Changchun-Suzuki Automobile Co., Ltd. were introduced to the market last week, according to a report in *Nanfang Daily*.

Nanjing-Fiat will introduce the Palio Weekend to the market later this month, according to company sources. The 1.5EL, 1.5ELX and 1.3 Speedgear versions of the model will be priced between ¥120,000 and ¥156,000.

The Chengdu New Dadi Automobile Co., Ltd. will introduce the 3.2-liter Dadi Musso SUV to the market in July, according to a report on *sconline.com.cn*.

SAIC-GM-Wuling plans to officially launch the Chevrolet Spark to the market in August, according to company sources.

Changhe-Suzuki will produce a brand new car model based on a new Suzuki platform next year, according to a report in *Chengdu Business News*. The model will reportedly be equipped with either a 0.5-, 0.6-, 1.3-, 1.4- or 1.6-liter engine.

The 2.0-liter Passat made by Shanghai-Volkswagen was officially introduced to the market on June 9.

The Chiye (Gallop Field) Traveler Wings SUV made by Zhongxing Automobile Manufacturing Co., Ltd. will soon be introduced to the market, according to a report on *chinacars.com* citing company president Xiao Wei.

PRICE REDUCTION NEWS

The prices of the Fookang New Freeman were reduced from ¥99,800 and ¥119,800 to ¥92,800 and ¥113,800, respectively, late last month, and further to ¥88,000 on standard version on June 9 in a sales promotion that will last until the end of the month.

The Zhongxing Automobile Manufacturing Co., Ltd. announced price reductions on its Zhongxing Flagship and Haibao (Sea Lion) SUV models on June 3 by as much as ¥6,000.

Dashihang, the largest authorized dealer of Shanghai-GM in Beijing, began a sales promotion on June 2 where the manual and automatic transmission models of the Sail were respectively reduced by ¥4,000 and ¥8,000, according to a report in *Beijing Daily*.

The prices of various versions of the Red Flag made by FAW Car Co., Ltd. were significantly reduced on June 4, according to company announcement. The lowest price for the Mingshi II is now ¥143,800 instead of ¥159,000.

The prices of the standard and luxury versions of the Baolong Lingjun MPV made by Guangzhou Baolong Automobile Group was reduced from ¥166,000 and ¥176,000 respectively to ¥15,800 and ¥165,800, according to company announcement.

AFTERMARKET NEWS

A new large-scale automobile mart, the Dongfang Jiye Automobile City, is under construction in Beijing, according to a *Xinhua News Agency* report.

The Shanghai Waigaoqiao Automobile Exchange Mart recently became the first import vehicle exchange mart in China to offer used-car sales, according to a report in *Shanghai Morning Post*.

FACTS & FIGURES

Industrial output value, sales revenue and profit at China's 14 key automakers during the first four months of the year reached ¥138.56 billion, ¥140.87 billion and ¥12 billion, respectively, up 60.2, 57 and 160 percent from the same period of last year, according to a report in *China Industry News*.

China's private automobile parc has exceeded 10 million units, or about one vehicle per 120 people, according to State Statistical Bureau.

China had 660 cities with a total population of 353.43 million by the end of 2002, according to the latest statistics released by the Ministry of Construction

UPCOMING EVENTS

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
- 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

NEW BOOKS/DOCUMENTS FROM CBU

- China ; f3 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 ; f3 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 ; f3 10th Five-Year Plan for the Development of the Automotive Industry* (available now)
- China ; f3 10th Five-Year Plan for Saving and Comprehensive Utilization of Resources* (available now)
- China ; f3 10th Five-Year Plan for Saving and Substituting Fuel Oil* (available now)
- China ; f3 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 ; f3 Auto Industry*, CBU 2001 international conference documents (available now)
- China ; f3 Automobile Industry in the New Millennium*, CBU 2002 int ; f1 conference documents (available now)
- China ; f3 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)

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Annual Roundup: China ; ffs Automobile Market in 2002 -- Sector and Statistics Analysis (III), No. 5
The Automobile Industry Should Contribute to China ; ffs Employment

-- Ou Xinqin, Deputy Director, State Economic and Trade Commission, No. 5
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Annual Roundup: China ; ffs 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 ; ffs Automobile Market in 2002 – Sector and Statistics Analysis (V), No. 7
China ; ffs 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 ; ffs Automobile Market in 2002? No. 10
Executive Views (II): Will China ; ffs Automobile Market Maintain Last Year ; ffs Explosive Growth in 2003? No. 11
Executive Views (II): How Long Will China Be Able to Maintain the Current High Profit Returns? No. 11
Executive Views (III): Will the Elimination of Import Quota Create an Impact on Domestic Makes? No. 12
Executive Views (III): What Will Local Private Capital Bring to China ; ffs Auto Industry? No. 12
Executive Views (IV): Will China Become a ; Global Automobile Factory? ; –No. 13
Executive Views (IV): A New Round of Automotive Investment in China: Good or Bad? No. 13
Executive Views (IV): ; Building a Well-Off Society ; — Challenges & Opportunities for the Auto Sector, No. 13
Executive Views (V): How Will China Realize the Capability of Independent Product Development? No. 14
Executive Views (V): The Rapid Growth of an Automobile Market vs. Urban Development, No. 14
China ; ffs Passenger Vehicle Market in the First Quarter of 2003, No. 15
China ; ffs Automobile Market in the First Quarter of 2003, No. 16
China ; ffs Automotive Parts Supply in the OE and the Aftermarket, No. 17
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 ; ffs Ford Automobile Co., Ltd., No. 19
China National Heavy Truck and Volvo Truck: Marriage After Nine Years of Courtship, No. 20

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