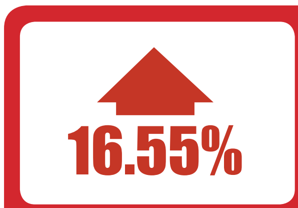
中国汽车要闻

Serving the World's Largest Emerging Automobile Market



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2016 CADA annual convention talks faith, integrity and innovation

– by Max Zhang

The 2016 China Automobile Dealers Industry Convention, organized by China Automobile Dealers Association (CADA), was held on November 9-11 in Zhuhai, Guangdong Province. With a theme of "Building Confidence, Seeking Innovation," OEMs, dealers and service providers shared their opinions and ideas on the faith, integrity and innovation in the distribution environment. Following are highlights. – Editor

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GAC returns to Detroit, to world premiere the GS7 SUV

– by Lei Xing

DETROIT – Bye bye concourse, hello main show floor!

That is where Guangzhou Automobile Group Corp. (GAC) will be exhibiting at this year's North American International Auto Show, or commonly known as the Detroit Auto Show.

GAC, China's sixth largest automaker by sales and partner of Fiat Chrysler Automobiles (FCA), Toyota, Honda and Mitsubishi, will return to the Motor City for the third time.

Unlike the previous two times in 2013 and 2015, where it exhibited on the concourse of

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WM Motor: "Weltmeister" of EV ecosystem?

– by Melanie Xing

WM Motor Technology Co., Ltd., one of the new Chinese electric vehicle startups, broke ground for its Smart Industrial Park inside the Oujiangkou District in Wenzhou, Zhejiang Province on November 23.

With a Phase-I investment of ¥6.7 billion ($971 million), the industrial park featuring smart manufacturing, smart logistics, flexible parts matching

Freeman Shen

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Can MG be turned around?

– by Mark Andrews

SAIC Motor usually saves the thunder for when it is on home soil with the biennial Shanghai Auto Show. However 2016 saw a particularly strong year with new models. First at Beijing it unveiled the Roewe RX5, billed as the first Internet car thanks to the YunOS developed in conjunction with Alibaba. Then at Guangzhou it unveiled no fewer than three models: the MG ZS, Roewe i6,

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With tax break "intact," annual sales of 30 million vehicles close in sight

– by Lei Xing

"China sells a record 30 million vehicles in a single year." That statement seemed to be farfetched at the beginning of 2016. But with record sales in November and official announcement by the Ministry of Finance and State Administration of Taxation on December 15 that the tax break for 1.6L and below passenger vehicles will continue for another year at a lesser discounted rate of 7.5 percent (see **LAWS & REGULATIONS** on p. 7), that magic threshold is closer to becoming a reality, possibly as early as this year.

November vehicle sales hit a record 2.94 million units, the best monthly sales tally ever, according to data released by China Association of Automobile Manufacturers (CAAM) on December 12. That helped push sales over the first 11 months to nearly 25 million units, well past the total for 2015.

The industry will likely end the year with nearly 28 million vehicles sold, based on historical seasonality trends that December sales usually exceeding those of November. That means the industry will have added at least 3 million more vehicles in sales over 2015's total of 24.5 million units, phenomenal considering the already high base number.

2016
50%OFF
28million

2017
25%OFF
30million

With the tax break continuing for another year, the market will likely experience the 27th year of consecutive growth in 2017 (yes, the last time auto sales fell year-over-year was in 1990). But there is no way that it can grow at double-digits again, like what has happened last year.

An official with the CAAM predicted at the 2017 China Automobile Market Development & Forecast Summit held in Changsha, Hunan Province on December 14 that had the tax break continued as is, auto sales would reach 29.68 million units in 2017, up 6 percent. If not, it would reach 28.56 million units, up 2 percent.

CBU/*CAR* believes the market will grow at most 5 percent in 2017 and reach close to 30 million units but not exceeding it. SUVs will continue to significantly outpace overall growth in the passenger vehicle sector at the expense of passenger cars. The industry landscape for 2017, as far as vehicle mix is concerned, will simply be 10 million SUVs, 10 million passenger cars and 10 million units of everything else.

The real question that automakers should start to ponder and plan is: what happens when the tax break ends on December 31, 2017 and goes back to the normal 10 percent rate on January 1, 2018? They better brace for the first year of negative growth in 28 years! CBU/CAR

COMMENTARY

JONES ZHONG'S SNAPSHOT

Automechanika Shanghai: "Bigger than bigger!"

Multinational automakers depend on the Chinese market for becoming the giants that they are. A third of GM and Volkswagen's global sales come from China. The country is also Mercedes-Benz Passenger Cars' biggest global market.

The same holds true for tradeshow exhibition companies. Automechanika Shanghai 2016, or the 12th Shanghai International Trade Fair for Automotive Parts, Equipment & Service Suppliers that was held on November 30-December 2, had total exhibition area of nearly 320,000 square meters, bigger even than Automechanika Frankfurt, the world's largest automotive parts trade show held biennially. The other two German exhibition companies from Munich and Hannover can only look in awe.

Aside from the exhibition itself, there were tons of conferences and seminars with all kinds of topics, and exhibitors no longer only came from the aftermarket sector. Major first-tier suppliers like Schaeffler and products such as in-wheel motors geared toward OEMs attended as well. The German and Italian pavilions in Hall 2 were very well organized. Bu it was the private Chinese suppliers that got my attention. Many of them put serious efforts into the show: not only did they present diversified products and advanced technologies, they also had innovative booths with some offering bars for visitors to relax.

It was clearly evident that event organizers tried to add new features into the show involving the latest trends in the industry such as EVs. But in the new pavilion dedicated to smart connectivity, not too many big players showed up. Many of them might still be weighing the benefits of attending the show.

Automechanika Shanghai remains a good brand, but its Chinese name – Shanghai International Trade Fair for Automotive Parts, Equipment & Service Suppliers – might need a "makeover." CBU/CAR

(*Translated by Lei Xing based on author's original article*)

Can MG be turned around?

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and Maxus T60. One has to wonder what it has in store for Shanghai in April.

Guangzhou also highlighted why lumbering state-owned monolith SAIC is still struggling against the nimbler new breed of privately-owned Chinese manufacturers spearheaded by Geely. The MG and Roewe cars are of considerable interest to the British market due to the MG Rover connection. Maxus is also noteworthy as it's built from the remains of former UK commercial vehicle manufacturer LDV. SAIC however had no English language press releases available and was unable to offer anyone to speak to the international media. Geely for instance always has English press releases and has a helpful Global PR department.

For the Chinese market SAIC has two car brands MG and Roewe. The problem is there is no real difference between them, as both are mass market brands. Before Chinese ownership MG was always seen as sporty. Even when MG and Rover badges appeared on essentially the same cars, as with the Rover 75/MG ZT, the MG version was modified and targeted as a more performance orientated model. Further muddying the waters it seems that Maxus may enter the car market. Already the G10 MPV arguably is more car than commercial vehicle but at the Beijing Auto Show the D90 SUV concept was shown.

Roewe in China has always outsold MG. Back in 2010 sales of Roewe were four times those of MG and in many years it's at least double. However, the performance of both brands fluctuates wildly, with the best market share ever achieved at just under 1 percent during 2012 and 2013 by Roewe. The fluctuation is largely caused by new models which see high sales a few months after launch and then rapidly fall off. Sales figures up to the end of November show that Roewe is on course for record sales in 2016 but these are largely off the back of the new RX5 SUV which in November alone achieved 21,344 – a record for any SAIC model.

The fluctuation in sales is partly because of concentrating on new models at the

SAIC Passenger Vehicle Co., Ltd. president Wang Xiaoqiu and Roewe i6

expense of existing ones. So far the Roewe 350 has been SAIC's bestselling model (total cumulative sales). At launch it came with a telematics system, something unavailable on the larger more expensive 550. Usually a manufacturer will have the best systems on the larger more expensive models and then it will work its way down the range. The ZS will have a system similar to the YunOS in the RX5. However, the larger GS which received a facelift in December keeps the InkaNET-based system rather than the better tech of the ZS. The ZS with its bold new grille appears to usher in new design language for MG but the GS's facelift seems to have

COMMENTARY

been lost in translation and does not reflect the ZS.

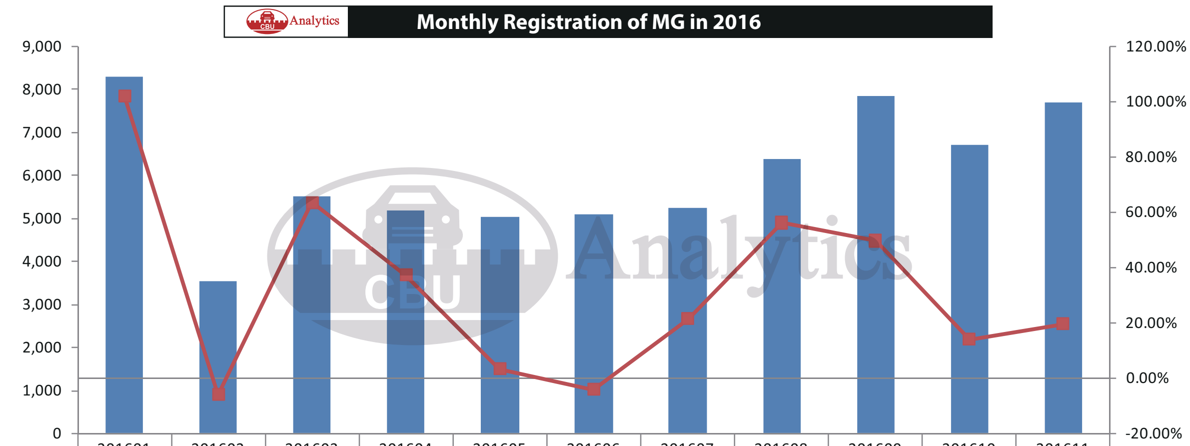
MG is generally said to have stood for Morris Garages (although there is a debate over this) but under Chinese ownership first became Modern Gentleman and now as seen at Guangzhou with the launch of the ZS – My Glamour. SAIC has so far failed to position the brand values of MG and Roewe so creating a problem in the Chinese market as well as for sales overseas.

SAIC has two clear competitive advantages. Firstly there is its telematics system and secondly plug-in hybrids neither of which has been offered with MG in the UK. InkaNET works in a similar way to GM's OnStar sending diagnostic information about the car and providing help with navigation and in emergency via a call center. YunOS builds on this and creates a cloud-based Internet ecosystem for the car based on Alibaba's platform. Due to the largely China-based nature of things like Alipay this system is probably not possible in Europe yet. However, GM has launched OnStar in Europe and with few other brands currently offering such a system MG could potentially use InkaNET to differentiate itself in the crowded UK market.

Mitsubishi, itself a brand struggling for relevance, has had considerable success in the UK with the Outlander PHEV. From launch in May 2014 until October 2016 sales topped 25,000 and accounted for around half of all registered plug-in hybrids in the UK. SAIC, thanks to government incentives in China, has had a hit with its 550 PHEV. While the technology may not be world class it obviously works and offering such a model in the UK where currently there is a limited choice of competing models makes sense – at the end of 2015 there were only 13 PHEV models available. A sedan version of the MG 6 called the Magnette was offered for a time in the UK and as it is essentially the same car as the 550 would provide a suitable platform.

Assuming the i6 does form the base of an MG 6 replacement – likely to be called the ZT – then the ZS and i6 show that with the right guidance and a bit of imagination the brand can be made a success yet. Both cars seem to show an upgrade in quality, design and promising new drivetrains. The challenge though is to create some sort of brand value and not to forget the existing models in the process. An upgrade of the 3 using the new three cylinder 1.0-liter unit would seem a good starting point. Creating a more international image for MG should also help with sales of the brand in China rather than it being seen as just another Chinese brand. CBU/CAR

SAIC chairman Chen Hong and Alibaba Group chairman Jack Ma at Roewe RX5 launch ceremony



	201601	201602	201603	201604	201605	201606	201607	201608	201609	201610	201611
REG	8,286	3,521	5,513	5,174	5,017	5,087	5,246	6,380	7,839	6,683	7,671
YOY	102.05%	-6.01%	63.49%	37.17%	3.25%	-4.07%	21.44%	56.14%	49.60%	13.97%	19.52%

SPOTLIGHT

Whoa! 1,800+ CV models all under one roof

Hidden in a small side road on the outskirts of Jiading District to the northwest of Shanghai is China Commercial Vehicle Model Museum, the first of its kind in China and perhaps the world.

More than 1,800 models of mostly trucks of various shapes and sizes from major European, American and Chinese brands valued at around ¥6 million (the most expensive model costs ¥100,000!) await visitors inside a 190-year old traditional Chinese style building.

The Museum opened in August 2014 and is privately invested by Li Yi, chairman of Changshu SY Van Manufacturing Co. Many of the models are donated by his truck customers while the rest are collected by Li through his travels all over the world.

The public can check out the models for free on weekdays from 13:00-16:30. *Lei Xing*


1965 Seagrave Aerial Ladder Fire Engine

Fiat 642 RN2 Ferrari Race Car Transporter (Bartoletti Body)


Emergency One HP 105 Fire Engide