

Wagon Wheels

MARK ANDREWS

China's best selling car last year was the Shanghai Volkswagen Lavida, a people's car for the Middle Kingdom. Back in 2008, along with the new Bora, it was one of the first Volkswagens to be completely designed for the local market. Last year saw the debut of the Gran Lavida series of what are essentially estate versions of the original car.

Few manufacturers have had much success selling estate cars in China. However, Volkswagen were one of the forerunners with the original Santana wagon. Initial sales of the Gran Lavida, with advertising aimed at young families, show that China may be ready to embrace the concept.

Whereas the Lavida saloon comes across as being a bit boring, the Gran Lavida looks sportier and has a hint of Audi A3 in its design. As one would expect from Volkswagen, it is put together well.

Inside, the plastics are a bit harder than one would like, but the overall feel is of good quality with highlighting features such as faux wood or brushed aluminium. Our top of the range, luxury trimmed model was equipped with black interior; there is also a two tone grey available. The fairly low mounted touch screen infotainment system provides a rear view for reversing and a navigation system. Despite being in Chinese, it is relatively easy to use – we did however have problems trying to stop the radio playing while using the GPS!



As can be expected, most gadgets are electric, although, this does not extend through to the adjustment of the leather seats where a dial rather than a lever clumsily controls the reclining function. Heated front seats are a nice touch for when winter bites.

In the rear, headroom is good and legroom is more than adequate. Volkswagen takes a commendable attitude to safety with Isofix points for child seats and rear curtain airbags. It goes without saying that the middle passenger gets a proper three point seatbelt. The boot is capacious with a sturdy floor and the seats can fold down for added

space. One disconcerting feature is that the doors automatically open when the key fob is nearby. Equally, they lock when the key is taken away but it does make it difficult to check whether they really are locked.

There are two engine choices available; a 1.6 litre and a more powerful 1.4 TSI unit. Both are available with five speed manuals and the 1.6 litre gets a six speed automatic whereas the 1.4 TSI gets Volkswagen's seven speed DSG unit. Unlike older automatic gearboxes, the DSG dual clutch system gets almost the same fuel economy and acceleration out of the 1.4 TSI as the manual.



On the road, the TSI unit is for the most part tame but provides more than enough power when called upon. There is a manual mode with the DSG transmission controlled by the gear selector, which can give the driver more control if required.

Like many cars in China, the steering is on the light side, and the ride is quite soft soaking up bumps on the road in Jiading district. Thanks to the straight nature of roads in the area, handling was not fully tested but the car seems composed enough.

There is a Gran Lavida Sport edition but apart from superficial differences like a fancier interior, sportier alloy wheels and a twin exhaust, there is no real difference in performance. A Cross version is also available, which is slightly longer and higher with the addition of cladding and a roof rack. Prices start at RMB 118,900 and range up to RMB 172,900. With the Gran Lavida, Shanghai Volkswagen has managed to create a practical car for those with an active lifestyle.

MONEY TALK

What Is Bitcoin And Should I Buy Some?

BILL LONGSTREET

Mining Bitcoins is on all the front pages right now. Apparently, you need roughly \$450 to buy one bitcoin today, down substantially from \$1,000 earlier this year but still up more than 30 times higher than the price a couple of years ago.

What is Bitcoin? Bitcoin is an electronic payment system that was designed in 2009 by a person using the alias Satoshi Nakamoto. It is basically a conduit for two parties to transact via the Internet. Bitcoins are stored in a "digital wallet," that exists either in the cloud or on a user's computer. The wallet is a virtual bank account that allows users to transact with bitcoins, pay for goods or save their money.

Some of the perceived benefits of bitcoins include that they are decentralised; no entity can control the supply of

bitcoins. This allows you to bypass the banking system, reduce transaction fees and speed up the process, all of which sounds positive to me. Bitcoins are open to all. You don't need a bank account or a credit card to own and transact with bitcoins - great for the 8% of Americans who don't have bank accounts. Furthermore, privacy - all transactions are merely a sequence of numbers giving the buyer full anonymity when transacting. Maybe the less the NSA knows about my daily activities the better.

It is still very early days for Bitcoin and other electronic currencies. I do see that there are some benefits, but certainly there are a number of concerns that need to be addressed before Bitcoin, or any other digital currency, goes mainstream.

Regulation - as of now, most central governments are not regulating this currency or payment system. Thus, it has created a loyal following in those who deal in illegal activities. As more illegal businesses use Bitcoin as a transaction vehicle, governments will be pressured to regulate or restrict its use, which will inevitably drive the value of bitcoins lower. We have seen this happen already in China with the central bank, the People's Bank of China, instructing banks and payment platforms to cease dealing with digital currency platforms. This forced an immediate 10% correction of Bitcoin overnight.

Security - Bitcoins lack the security that traditional currency transactions provide. If someone steals your credit card and makes a transaction, you are protected against this fraud. If your bank goes under, you are protected as most countries mandate that banks have some type of deposit insurance such as FDIC in the US. With Bitcoin, your money is stored on either your hard drive or an online wallet, both of which have their own security risk, and when either one of these virtual bank accounts has issues, there is no Bitcoin bank insurance that will protect your savings.

Usefulness - so if I had bitcoins, what would I spend them on? Maybe I don't shop in the right places, but I can't remember ever seeing a store, whether online or bricks and mortar, that actually takes bitcoins. Until that time arrives, and bitcoins become useful to my everyday life, I don't think it makes sense to own such a currency.

Overall, I do think digital currencies are an interesting concept, and they could play a larger part in our everyday life in the future, but maybe not in their present form. In light of potential government intervention, lack of use in my everyday life, and extreme volatility associated with the currency, I wouldn't recommend buying Bitcoin. Given all that, there is a solid chance Bitcoin will fade from the front pages pretty soon.

Bill Longstreet is a partner with Caterer Goodman Partners, a primarily fee based financial advisory firm. For more tips on how to handle your savings, check out their blog: www.chinaexpatmoney.com

