

Fuel-saving targets need driving home

Stricter enforcement is needed to ensure that automakers meet the fuel-efficiency targets

INSIDE STORY



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China's State Council released the final version of the Energy-Saving and New-Energy Vehicles Industry Development Plan on July 9.

The plan shows the country will move quickly to develop new-energy vehicles such as pure electric, plug-in hybrid and fuel-cell electric automobiles, but unlike the previous draft, the final version also stated that energy-saving vehicles such as non-plug-in hybrid and energy-saving internal combustion engine automobiles will also be promoted.

Some of the specific targets for new-energy vehicles remain the same: the accumulative output of electric and hybrid vehicles will reach 500,000 units by 2015 and 5 million is targeted by 2020, when the annual manufacturing capacity should reach 2 million units.

However, a major assumption of the 500,000-unit target is that local governments will directly purchase large volumes of electric vehicles for official use.

This actually overestimates local governments' financial capability as well as their

willingness to buy non-local products.

So far, most cities have less than 100 units of electric or plug-in hybrid vehicles, and there are rarely any plans to accelerate the purchase volume.

China's new-energy vehicle development formally started in January 2009, when the central government initiated the Ten Cities, Thousand Vehicles project, which targeted 1,000 new-energy vehicles for each of the 10 selected trial cities: Beijing, Changchun, Changsha, Chongqing, Dalian, Hangzhou, Hefei, Jinan, Kunming, Nanchang, Shanghai, Shenzhen and Wuhan.

In early 2010, seven more cities were added: Guangzhou, Haikou, Suzhou, Tangshan, Tianjin, Xiamen and Zhengzhou. And in late 2010, five more cities were added to the list, Chengdu, Huhhot, Nantong, Shenyang and Xiangfan.

However, there seems to be no further planning beyond 2012 as yet.

Industry insiders say that the Ten Cities, Thousand Vehicles project has failed and that although the government is urging breakthroughs in developing key technologies, the target for 2015 looks out of reach, as all electric vehicle obstacles still need to be overcome — the battery bottleneck, high prices and charging infrastructure problem.

But that begs the question — since the target of 500,000 units by 2015 cannot be reached, why have the planners left this number unchanged over the past two years?

Those in the industry believe the target is just a directional



An all electric and hybrid car exhibition was held in Beijing early this month.

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goal, not a mandatory one. They say no automakers will be punished if the goal is not reached.

Realizing that electric or plug-in hybrids are unrealistic at present, the planners have emphasized another goal in the final version of the industry development plan: drastically improving fuel economy.

In 2015, the conventional passenger vehicles produced should reach the fuel economy index of 6.9 liters per 100 kilometers and energy-saving passenger vehicles 5.9 L/100 km or below.

By 2020, the index for conventional passenger vehicles is targeted at 5.0 L/100 km, and 4.5 L/100 km for energy-saving autos.

As a reference, in July 2012, China should apply its third-stage fuel economy index at around 7.0 L/100 km for conventional passenger vehicles. Since this target is quite difficult for automakers to reach, the government gave the industry three years of buffer time, but by 2015, this target must be met. This target is more practical and

more meaningful than electric technology at present. By meeting the index, China's 12 million plus new passenger vehicles will consume 15 to 20 percent less fuel than their equivalents do now.

However, if automakers are to meet their average fuel efficiency targets, they will have to install new features on their internal combustion engine vehicles, such as turbochargers, direct fuel injection, better transmission systems, stop-start systems, mild or full hybrid features to their less fuel-efficient gas-guzzler vehi-

cles, or change their product mix by adding more compact cars.

Though a very meaningful direction, this will need a lot of investment in powertrain technology. From both investment and technology perspectives, this is very challenging for automakers, especially local manufacturers, not to mention that the market is now slowing down and each automaker needs to control costs very carefully.

So the question is if automakers cannot reach the fuel-efficiency targets by 2015

and 2020, what will happen? In theory, there should be serious punishments for those companies that fail to meet the targets, however, experience suggests that they will be given a longer buffer period.

The auto industry has never lacked abundant regulations or targets, but what is usually missing is strong enforcement.

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NEW ARRIVAL



VOLVO V60 T5

Volvo recently launched its V60 T5 in China, priced between 299,900 to 379,900 yuan (\$47,000-59,000). The mid-sized luxury estate, or "sports activity vehicle" as it is described in the product brochure, is equipped with a 2.0-liter five-cylinder turbo engine with maximum power of 157 kilowatts and top torque of 300 Nm. The car accelerates from zero to 100 kilometers in 7.9 seconds. A Geartronic six-speed automatic transmission is standard and the average fuel consumption is only 8 liters every 100 km.

The company expects the model to add to the success of its current best-sellers — the S60 sedan and XC60 SUV — and win customers from competitors like Audi, BMW, Mercedes-Benz.

AUDI Q3

This imported compact SUV was launched in China last week. Retailing between 377,000 and 479,000 yuan (\$59,000-75,000), the Q3 is equipped with a 2.0-liter four-cylinder TFSI engine and seven-speed S tronic transmission.

The low power version produces maximum power of 125 kW/4,300-6,200 rpm and offers top torque of 280 Nm/1,700-4,200 rpm. It accelerates from zero to 100 kilometers per hour in 7.8 seconds and has a top speed of 212 km/h. Its comprehensive fuel consumption is 7.6 liters per 100 km. The high power version generates maximum power of 155 kW/5,000-6,200 rpm and boasts peak torque of 300 Nm/1,800-4,900 rpm. This version accelerates from zero to 100 km/h in 6.9 seconds and its top speed is 230 km/h. It consumes 7.7 liters of gasoline per 100 km.

Thanks to its aerodynamic exterior design, the Q3's drag coefficient is only 0.32. The model comes with Audi's quattro all-time four-wheel-drive system.

The Q3 scored a five-star rating in the European NCAP crash test, and it has a wide range of safety features, such as the Audi side assist, active lane assist and intelligent part assist.

The model, Audi's third-generation SUV after the large Q7 and mid-sized Q5, will be produced in China next year at the Sino-German joint venture FAW Volkswagen Automobile Co. The Q3 goes head-to-head with BMW X1, which began assembly in China this March.

