

Vehicle sales up for 6th month

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Sales of passenger vehicles in China increased for the sixth month running in July. Last month saw the sale of 1,038,808 cars, sports-utility vehicles, multi-purpose vehicles and minivans in the country, an 8 percent rise from the same period of 2011, the China Passenger Car Association said on Wednesday. Since July last year, the passenger vehicle industry in China has had more than 1 million sales a month. Moreover, the 8,047,925 vehicles sold in the first seven months of 2012, up 5.8 percent year-on-year, has helped to revive the industry. "Although recent limits on

vehicle purchases in Guangzhou have affected sales to a certain extent, the market has been on a trend of improvement in the hot summer months," said Rao Da, secretary-general of the association. He said automakers have high hopes of seeing the market for passenger vehicles further recover. As a result, dealers, whose inventories hit record levels at the end of July, have come under pressure to make more sales. "These inventory pressures will ease in August as automakers slow down their production amid the hot weather," Rao said. "And the enthusiasm for buying vehicles that is often seen at the end of August, before the new school semester starts on September 1, will further support

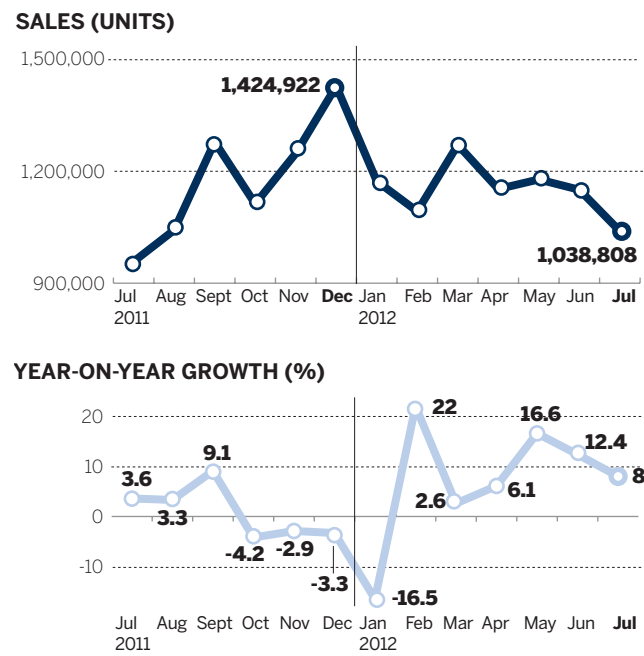
the market this month." He said the possibility that fuel prices will increase this month isn't likely to have a serious effect on vehicle purchases. But Cui Dongshu, deputy secretary-general of the association, noted that Xi'an, capital of Shaanxi province, is considering limiting the number of vehicles residents can buy. Such a policy, he said, could depress dealers' sales. Xi'an, among the places in China where vehicle sales are increasing the fastest, is likely to become the fifth Chinese city to limit car purchases by restricting the number of vehicles that can be officially registered. If Xi'an adopts such a restriction, it will be following in the footsteps of Beijing, Shanghai, Guiyang and Guangzhou. "If Xi'an adopted similar

Moreover, he said: "China's greater expenditures on people's livelihoods have more than doubled the rate of increase of the country's financial revenue in recent years. This year's financial deficit of 900 billion yuan will make it almost impossible for the automobile market to benefit from financial subsidies before the end of the year".

At the same time, he noted that China has decided to cancel road tolls during four national holidays. That policy, he said, is likely to stimulate vehicle purchases before the approaching National Day holiday, which falls on Oct 1.

Last week, the State Council agreed to allow vehicles to travel the country's roads for free on 20 days during the

CHINA'S MONTHLY PASSENGER VEHICLE SALES



Source: China Passenger Car Association FENG XIUXIA / CHINA DAILY

national holidays. The decision was meant to ease traffic congestions during peak travel times. "It will not only solve China's worst public transport problems seen during holidays, but also give shoppers another reason to buy vehicles and travel in private cars," said Rao.

China's carmakers look overseas as domestic sales sputter

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Chinese automakers are aggressively expanding in overseas markets to weather their shrinking market share at home amid the current market slowdown.

According to the China Association of Automobile Manufacturers, China exported 487,900 vehicles in the first half, a 28-percent year-on-year increase. Monthly exports in May and June both exceeded 100,000 units.

The automakers' continued overseas expansion led the association to predict that their total exports could surpass 1 million units in a year for the first time in 2012, showing an

year-on-year increase of 27.48 percent.

The annual export revenue is expected to reach a record \$17.47 billion this year, surging by 59.37 percent over last year. In 2011, China's automobile exports rose 49.99 percent year-on-year to 850,000 units. The total export revenue for the first time passed a \$10 billion to reach \$10.96 billion, a 56.82 percent year-on-year increase.

The nation's five leading automakers — led by Chery Automobile Co, Zhejiang Geely Holding Group and Great Wall Motors Co Ltd — contributed 74.4 percent of the total exports.

The recent growth in exports stood in stark contrast to Chinese automakers' struggling sales performance in the



A Great Wall Motors Co Ltd's car on show at an auto fair in Amman, Jordan.

domestic market. According to CAAM, China's domestic automobile market hit the brakes in 2011, growing

only 2.5 percent year-on-year, after booking impressive annual sales growth of 46 percent in 2009 and 32 percent in 2010.

The domestic market continued the slowdown in the first half, rising only 2.9 percent year-on-year. Chinese passenger vehicle brands sold 3.15 million units, a 0.16 percent year-on-year decrease.

Their total market share of 41.39 percent was a 3 percentage point decline from last year, and compares with more than 50 percent of market share in 2010. Their passenger car market share withered to less than 30 percent.

The difficulties in the domestic market have pushed them to find new markets overseas.

Chery, which has maintained its leadership in China's passenger vehicle export for nine years, said it exported 92,494 units in the first half of the year, a 28.8 percent year-

year increase. Since the first Chery car was sent overseas in 2001, the company's total exports have exceeded 700,000 units.

It aims to export 200,000 vehicles in 2012. Geely, which made its name internationally by taking over Swedish luxury car brand Volvo in 2010, is speeding up the overseas expansion of its own brands.

In the first half, the Zhejiang automaker's exports surged by 210 percent from last year, supported by export of more than 10,000 units in June.

It hoped to double its 2011 export figure to more than 80,000 units this year.

Great Wall reported an export volume of 47,719 units in the first half, increasing 40

percent year-on-year.

The Hebei automaker has set a goal of tripling its exports to more than 300,000 vehicles by 2015, from this year's 100,000 units goal. Until then, exports are expected to account for 20 percent of Great Wall's sales.

Dongfeng Motor, China's third-largest automaker, recently announced plans to increase its overseas sales from 68,000 units in 2011 to 300,000 by 2016.

Analysts said that Chinese automakers are facing significant challenges as foreign auto brands — including luxury brands — aggressively grab market share in the world's largest auto market and speed up their pace of expansion in more second- and third-tier cities.

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Advertisement for Europark Residence, featuring photos of apartment interiors and the text 'Professionally Managed'.

Advertisement for Central Park apartment, showing a modern living area and listing details: 'Central Park : 3Br 2Ba 180sqm ¥29,000 ID:0495'.

Advertisement for Palm Springs apartment, showing a dining area and listing details: 'Palm Springs : 3Br 2Ba 175sqm ¥23,000 value for money ID:5907'.

Advertisement for Upper East Side apartment, showing a living area and listing details: 'Upper East Side(IV) : 3Br 2Ba 200sqm ¥24,000 ID:4389'.

Advertisement for Four Seasons apartment, showing a living area and listing details: 'Four Seasons : 3Br 2Ba 256sqm ¥48,000 ID:11176'.

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