

China

Capital: Beijing
Population: 1.321.851.888 (2007 estimate)
GDP:*
Currency: Yuan
Language: Mandarin



Summary

China is now the second largest automotive market in the world, trailing only the United States and Europe. China has about 6000 automotive enterprises, which are scattered in five sectors: motor vehicle manufacturing, vehicle refitting, motorcycle production, auto engine production, and auto parts manufacturing. This includes approximately 100 OEMs, with 40 producing passenger vehicles, and over 4000 registered auto parts/accessories companies. All tiers of the industry are being driven by the booming sales of the OEM sector. Nearly 80% of the revenue for the auto parts and accessories market is through new vehicle sales. However, revenue from after market is increasing rapidly.

China's Automotive Components Market (USD Millions)

	2005	2006	2007 (as of Nov)
Total Market Size	71,360	73,164	93,630
Total Local Production	64,470	63,8230	82,891
Total Exports	6,471.052	8,730.787	12,106.411
Total Imports	6,809.545	9,342.905	10,739.195
Imports from the U.S.	308.462	498.737	613.366

Note: Data for Total Market Size and Total Local Production are from a professional auto consultant company; Data for Total Exports, Total Import, and Imports from the U.S. are based on products with HS codes 8706, 8707, 8708, 84073410, 84073420, and 84079090.

Current Market Trends

In 2008, it is estimated that ten million new motor vehicles in China will be sold. As of November 2007, China had already produced 8.8 million vehicles, a 33.33% rise over 2006's figures.

Market Entry

China's fulfillment of WTO requirements has helped drive new vehicle sales. As of July 1, 2006, China fulfilled its WTO requirements by lowering import tariffs for auto parts and accessories to 10% and import tariffs for new automobiles to 25%. The reduction of tariffs on automotive parts and China's agreement to eliminate local content requirements after WTO entry have placed domestic automotive parts manufacturers in direct competition with their international counterparts.

Shanghai and its surrounding provinces (Zhejiang, Jiangsu, and Anhui) are the centers for component manufacturing, representing around 44% of national production. Shanghai is home to Shanghai General Motors, Delphi, Visteon, and other notable American automotive companies and, as such, provides a good starting point for U.S. automotive component exporters to begin to explore the Chinese market. Other major automotive centers in China include Guangzhou (South China), Chongqing (West China), and Changchun (North China).

Current Demand

The main goals for automotive components, parts, and accessories manufacturers are to improve technology and quality and to develop design capability. Most of the domestic automotive parts manufacturers' R&D capabilities are limited due to the small scale of their operations and a shortage of capital as compared to international companies. In the next five years, the Chinese Government will continue to encourage foreign investment in automotive component development and manufacturing. In the meantime, there is a growing market for imports and American products are generally highly regarded by Chinese customers.



Best prospects:

- Engines for motor vehicles and motorcycles;
- Auto and motorcycle casting blanks;
- Key automotive parts and components including disc-type breaking assembly, drive axle assembly, automatic transmission box,, engine admission supercharger, engine displacement control device, electric servo steering system, viscous continuous shaft device (for four-wheel drive), air shock absorber, air suspension frame, hydraulic tappet, and compound meter;
- Auto electronic devices and instruments (including control systems for engine, chassis and vehicle body);
- Fuel cell technology;
- Automotive accessories;
- After market products

The reductions in automobile tariffs will make it much more cost effective for U.S. firms to export finished vehicles to China and reduced tariffs on parts will allow companies to import essential components that cannot currently be found domestically. Additionally, as China's restrictions on trading and distribution are reduced, American companies are gaining the right to distribute most products, including automobiles and related parts, in any part of China. Previously, foreign companies could only distribute parts to one interior destination in China and could not ship or distribute products between cities without employing a Chinese freight company.

The Chinese government has launched the "National Projects of Electric Vehicles," that encourages the development of environmentally friendly automobiles. So U.S. company possessing clean energy parts and technologies will have more opportunities in the Chinese market.

Trade Events

Auto China 2008
April 20-28
Beijing New International Exhibition Center
<http://www.autochina.com.cn>

The 6h Guangzhou Int'l Automobile Air-conditioning & Cold Chain Technology Exhibition China
March 15-18, 2008
<http://buy.ecplaza.net/search/1s1nf20sell/exhibition>

Automotive Manufacturing in China
April 16-19, 2008
Great Wall Sheraton Hotel, Beijing
<http://www.cbuauto.com>

China Chongqing International Auto Industry Fair 2008
June 11-15
Chongqing International Convention Exhibition Center
<http://www.autochongqing.com>

Trade Events (continued)

China International Auto Parts Expo
November, 2008
Beijing International Exhibition Center
<http://www.iapchina.com>

Automechanika Shanghai
December 10-12, 2008
Shanghai New International Expo Center
<http://www.buyusa.gov/china/en/auto2008.html>



Available Market Research

China: Automotive Industry (Sep 2006)
China Automotive Market (Jan 2007)

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