



# China Brief: New Energy Vehicles

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**Welcome: Information-Sharing and US Client Feedback**

With the objective of sharing our knowledge of the “new energy vehicle” sector, CS Shanghai will begin offering a weekly, 1- to 2-page “China Brief” focusing on the rapid developments of this industry. Our target audience is the US automotive clients, worldwide, that the Commercial Service has worked with in the past. We welcome your feedback and any suggestions for areas of focus!

**R&D: In Beijing, New China-US Clean Energy Research Center**

Plans were announced in July to cooperatively research areas in the clean energy sector (China's MOST and the United States' DOE). Priorities are to include green building, clean coal and clean energy vehicles. Initial funding support from both countries will be US\$15 million. *ACTION: Monitor development; seek opportunity to organize a group of U.S. companies to visit the research center when completed.*

**Forecast: Clean Energy Vehicles and Auto Parts**

The new energy vehicles and auto parts base in Jiading International Auto Zone plans to have a production capacity of 10,000 new energy vehicles by 2010; 100,000 units by 2012; and 300,000 units by 2015. This new base will focus on EV/HEV development, battery, and motor system management. In addition, Shanghai authorities plan to showcase approximately 1,000 new energy vehicles during the 2010 World Expo. *ACTION: Continue monitoring development of new vehicle/parts base; seek opportunities for U.S. company involvement; work with Tongji University to develop US-China academic exchanges.*

**Policy: 500,000 New Energy Vehicles by 2011**

China's automotive industry intends to leap-frog current industry leaders, much like how telecom companies of developing countries skipped land-line infrastructures and went straight to cell phone towers. The central government is encouraging its auto industry to reach a production capacity of 500,000 for new energy vehicles by 2011. This boost is targeted at 13 cities – including Beijing, Shanghai and Chongqing. BYD revised sales forecast to 700,000 vehicle sales in 2010 due to increased governmental support. *ACTION: Investigate the safety standards required for these new vehicles; report on the specifications; obtain feedback of its implications from the US automotive industry.*

**Standards: Opportunity for China-US Collaboration**

Dr. Yilong Chen, General Director & Chief Representative in China for the Automotive Industry Action Group (AIAG), believes that both US and China can establish a global standard for new energy vehicles that would benefit all auto parts suppliers. If industry players collaborate in the same way the Detroit Big Three did by creating AIAG, then US and China can define the competitive landscape to the benefit of both countries' supplier base.

**Standards: Three Categories of Alternative Energy Technologies**

China's MIIT unveiled new standards which divides current alternative energy techs into three categories: Start-Up, Developing, and Mature. Only "mature" technologies will be permitted mass production, although "developing" technologies will be allowed limited sales. Currently, only hybrid & electric vehicles with NiMH or lead-acid batteries are classified as using mature technology. Government authorities are pushing for use of only NiMH in the next three years, which will then be replaced by lithium and/or fuel cells. *ACTION: Monitor development of different battery techs; compare and contrast different battery/fuel cell techs between US and China.*

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