



ACEA

Brussels, 6 December 2010

CHINA No. 236

JC/226/10

LC/155/10

BARs/206/10

TEP-EXT/84/10

AH-TR/37/10

WG-AE/123/10

WG-CVD/96/10

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Copy: ACEA Management

Subject: China monthly report – November 2010

Please find attached the November 2010 report of the ACEA representative office in Beijing.

We remain at your disposal should you need further information.

Best regards,

Erik Bergelin

Encl.

Ref. ACEA: 20101495

ACEA Beijing Representative Office Monthly Report, November 2010

General

After a preparatory meeting between the EU Commission's DG-Enterprise (G. Lalis, G. Mattino) and ACEA at the EU Delegation, November 16, on November 17 the First Automotive Working Group Meeting was held between DG-Entr and MIIT (Wang Fuchang, Qian Minghua). This is a new initiative under the EU-China Cooperation Mechanism on Industrial Sectors, which will be able to draw on EUR 20 mio in funding for cooperative projects, available from the EU-China Trade Project (EUCTP) over the coming two years. 20 people attended the Automotive WG Meeting, including ACEA, EUCCC, and industry representatives.

The meeting focused on exchanging information on EU and China policies with regard to clean and energy-efficient vehicles. To go beyond such policy information exchanges in the future, DG-Entr as well as MIIT would certainly welcome proposals from ACEA and Chinese counterparts on how to build a more substantial dialogue. The fundamental objective of MIIT being "energy saving and emissions reduction" (which covers many aspects, electric vehicles being only one of those), there is in fact a large range of subjects that ACEA could propose for discussion under the EU-China Cooperation Mechanism. Thus, e.g., D-G Wang Fuchang emphasized the potential of diesel cars as one avenue towards energy saving and emissions reduction. Similarly there is the Phase III fuel consumption standard, the implementation of which is some time away into the future (see below – so that certain room for further discussion remains), and last but not least the planned revision of the PC testing cycle by MIIT.

During the preparatory meeting November 16, G. Lalis stated in no uncertain terms that DG-Entr has no hope whatever that China will ever adhere to the UN/ECE 1958 Agreement, urging ACEA to drop this request. On November 17, she asked MIIT to consider whether China would be willing to engage in "upstream cooperation" on UN/ECE 1958 standards, i.e. participate in and tacitly acknowledge such standards without formal adherence. During a subsequent meeting with DG-Entr's Ph. Jean (November 30), it appeared that one reason for G. Lalis' proposal is that the US, chairing the APEC gathering of nations in 2011, is about to launch an APEC-wide (but US+China-led) automotive standardization initiative to rival the UN/ECE's Geneva WP 29. Signs are that on electric vehicles, for instance, US-China joint research is considerably in advance of EU-China cooperation; and DG-Entr looks for proposals from the industry, on how to reverse that possible trend (on automotive standardization generally; e.g. the revision of the test cycle mentioned above).

Steering Committee

The Steering Committee met on November 18 to review outstanding issues.

Environmental Protection, Energy and Fuel Working Group

Despite being published under the WTO TBT notification procedure to solicit international comments on it, the Phase III fuel consumption standard does not, even for MIIT itself, represent a definitive text. This appeared at a meeting held in Chengdu, November 26, during which MIIT's Qian Minghua spoke of postponing the effective date of the standard to 2015 (from 2012 in the text as it stands today). Should that happen, then the current target fuel consumption values per weight class would also be further reduced, so as to create consistency with MIIT's (draft) "Energy-saving and new-energy vehicles industry plan", which brings hybrid and

electric vehicles into the overall policy scope and, by 2015, stipulates that the PC fuel consumption average should be 5.9 L/100 km.

Interestingly, Mr. Qian stated at the same meeting that imported vehicles would be treated differently from locally-produced vehicles, without giving details, but intimating that coordination with CQC/CNCA is now actively being sought by MIIT.

Safety & Homologation Working Group

SC17 Meeting. On November 6-8, SC17 held its 6th general assembly in Hangzhou to examine the following four standards:

- GB XXXXX-XXXX Motor vehicles-windscreen wiper and washer systems
- GB 15084-XXXX Motor vehicles-Devices for indirect vision
- GB 15086-XXXX Motor vehicles—Door locks and door retention components
- QC/T XXXXX-XXXX Technical requirements and test methods of hemp fiber material for interior trim for motor vehicles

Almost all comments from members on the GB 15084 and GB15086 (which are of greatest concern) provided before and during the meeting were accepted after efforts of ACEA and members. Once again, we emphasized at the meeting that the ECE regulation system is the right normative reference for the Chinese technical regulations, when there was a sign that somebody wanted to change the situation.

S & H WG Meeting. On November 10, the Safety & Homologation Working Group (safety issues) met on the subjects of GB 7258 (SBR, luggage area length), the standards in TBT notification (comments collection), the three standards passed examination (feedback on the result of the examination meeting) and the preparation for the 1st Sino-Europe Conference on Lighting. Regarding the requirements of safety-belt reminder (SBR) for the front passenger seat, which were added in GB 7258 again, most members oppose the requirements and required ACEA to issue a common position.

(ACEA submitted its comments to TMRI after the meeting based on the feedback from members and will provide more supporting information from members to the relevant parties (incl. CATARC) as well as look for more support from CAAM & JAMA. Members are also required to look for the support from their local partners.)

Anti-theft Markings. On November 23, the Safety & Homologation Working Group met again on the proposal of anti-theft markings, which was newly updated by CATARC and will be discussed at the SC3 meeting of December 1-2. In addition to the relevant requirements in GB 7258, this proposal has more provisions that most representatives from members think should be deleted. ACEA was required to express such position at the SC3 meeting.

Trade & Distribution Working Group

On November 4, a seminar on vehicle aftermarket and service standardization was held in Beijing, organized by the Standardization Administration of China (SAC). ACEA and member company representatives in charge of after sales service attended. Officials from AQSIQ's Recall Management Department explained that SAC will promote eight fundamental standards on auto after sales service. In particular, the standard on auto quality warranty needs to be drafted soon to support the draft "Stipulations on Liabilities with respect to Repair, Replacement and Returned

Purchase of Domestic Automotive Products” (the “3R rules”), which have not advanced beyond the draft stage since comments were last solicited on it in January 2005.

An EUCCC delegation including the Automotive WG (= ACEA) visited the General Administration of Taxation (GAT Chief Economist, Zhang Zhiyong), November 30. This provided an opportunity to volunteer information-sharing on EU member states’ auto-related tax systems, and to reiterate ACEA’s position on taxation as also provided to the National People’s Congress recently, with regard to the proposed new “vehicle and vessel” (i.e. annual circulation) tax. Mr. Zhang was presented with a Chinese translation of ACEA’s annual tax guide, and informed that a delegation from GAT’s Goods and Services Tax Department, together with NDRC and CATARC representatives, was on its way to Europe to visit ACEA, Daimler, BMW, VW, PSA and Volvo (November 30-December 10).

Commercial Vehicles Working Group

At a SC17 standard examination meeting in Jiangyin, November 6-8, ACEA successfully prevented that the scope of the standard on door latches and hinges (GB 15086-XXXX, based on GTR1) would come to include categories N2 and N3. Also, the draft standard on devices for indirect vision, updated in line with ECE R46, carried a modification without considering the height of installation; but this has no influence on imported whole vehicles.

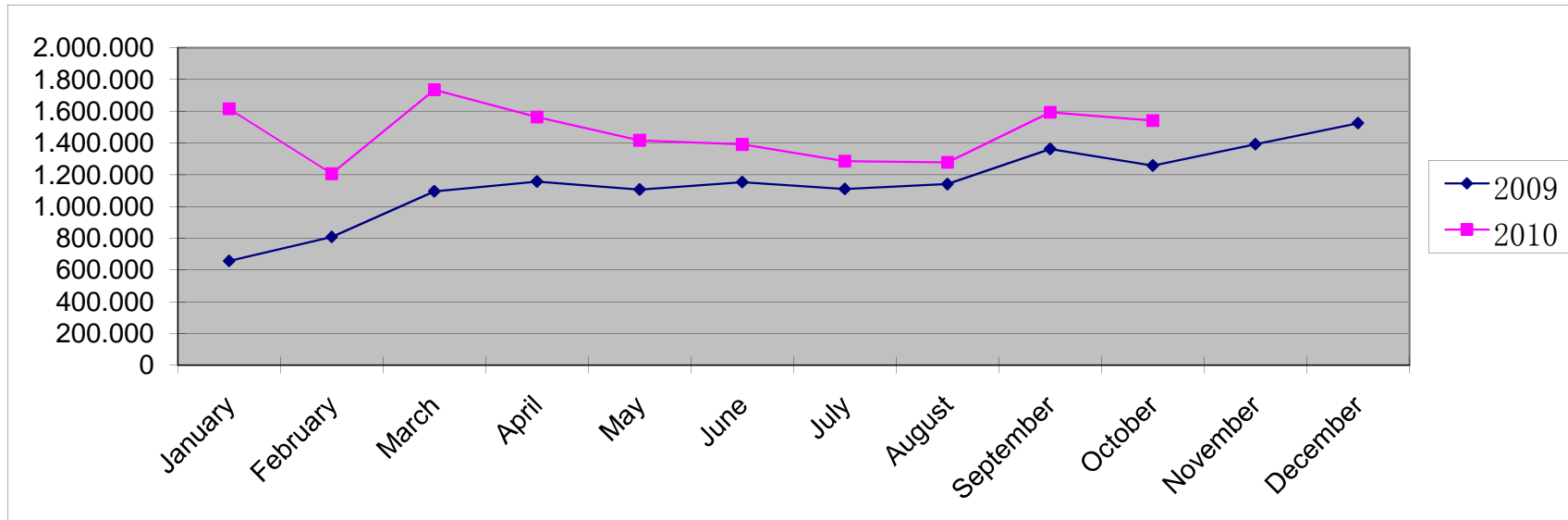
Other

The following translations have been distributed in October:

- GB 11568-XXX Motor Vehicles-Hood Latch System
- GB XXX-XXX Roof Crush Resistance of Passenger Cars
- GB 7063-XXX Wheel Guards of Motor Vehicles
- GB 11557-XXX Stipulation Protecting Drivers from Being Injured by Motor Vehicle Steering Mechanism
- GB 15084-XXX Motor Vehicles – Devices for Indirect Vision – Requirements of Performance and Installation
- GB XXX-XXX Protection of the Occupants of the Cab of a Commercial Vehicle
- GB XXX-XXX Theft Prevention Symbols for Passenger Cars and their Parts
- GB 7258-XXX Safety Specifications for Power-driven Vehicles Operating on Roads
- GB XXX-XXX Fuel Consumption Evaluation Method and Targets for Passenger Cars
- GB XXX-XXX Restraining Devices for Child Occupants of Power-driven Vehicles
- GB/T 19056-XXX Vehicle Travelling Data Recorder
- QC/T XXX-XXX Failure Classification of Drive Motor System for Electric Vehicle
- QC/T XXX-XXX Interface of Electrical Machine and Electrical Machine Controller for Electric Vehicles
- Law on Vehicle and Vessel Tax of the People’s Republic of China
- Measures for Environmental Management of New Chemical Substances

Dominik Declercq

Production of Passenger Car, Trucks and Buses in October 2010



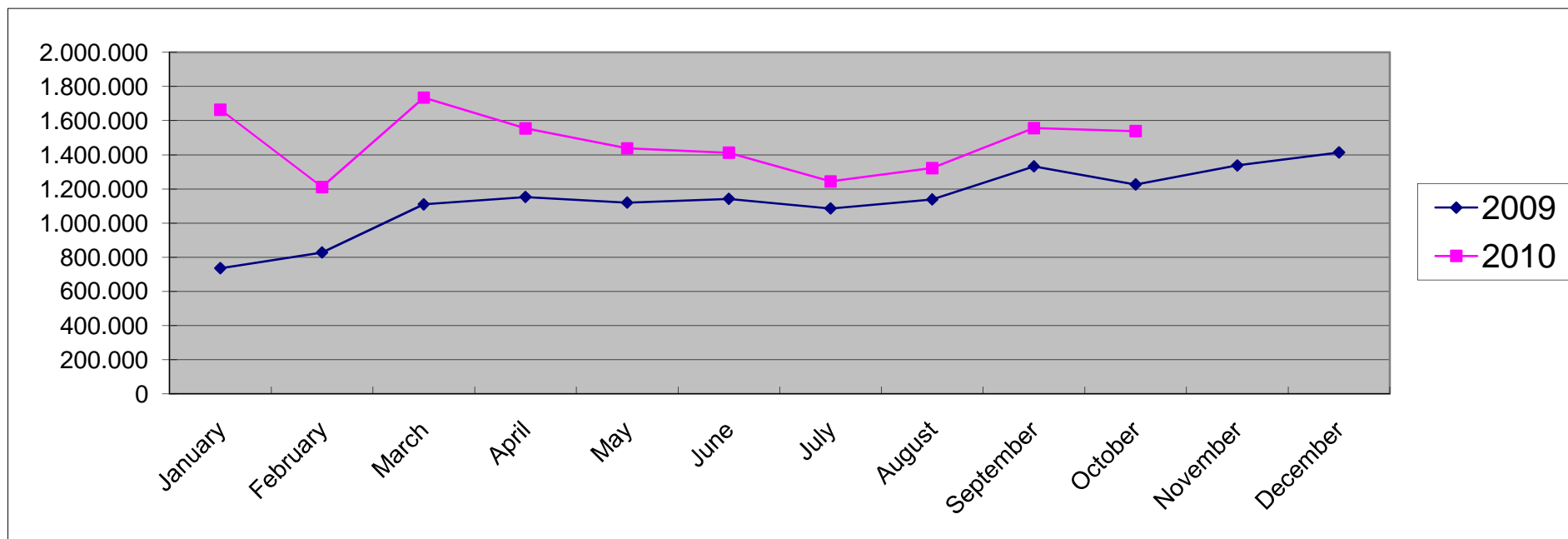
	January	February	March	April	May	June	July	August	September	October	November	December	Total
2009	656845	807900	1095418	1156834	1106898	1153132	1109628	1140736	1362132	1258018	1391431	1524736	13763708
2010	1614754	1206157	1734348	1563536	1416629	1390603	1285776	1277546	1592916	1541028			

Production					
	Passenger Cars	Commercial Vehicle			Total
		Trucks	Buses	Semi-towering	
Oct/10	1198126	274992	37377	30533	1541028
Oct/09	970310	232140	31572	23996	1258018
10/09	23,48%	18,46%	18,39%	27,24%	22,50%

Note:

Passenger Cars covers: basic passenger car, MPV, SUV, Crossover passenger car
 Trucks and buses calculates the chassis.

Sales of Passenger Car, Trucks and Buses in October 2010



	January	February	March	April	May	June	July	August	September	October	November	December	Total
2009	735865	827550	1109734	1153082	1119716	1142076	1085558	1138498	1331809	1226319	1337694	1413642	13621543
2010	1664187	1211509	1735151	1555172	1438358	1412078	1244038	1322282	1556718	1538632			

Sales					
	Passenger Cars	Commercial Vehicle			Total
		Trucks	Buses	Semi-towering	
Oct/10	1203174	271372	34401	29685	1538632
Oct/09	946463	226411	29031	24414	1226319
10/09	27,12%	19,86%	18,50%	21,59%	25,47%

Note:

Passenger Cars covers: basic passenger car, MPV, SUV, Crossover passenger car
 Trucks and buses calculates the chassis.

Production and Sales of Car, Light Bus, MPV and SUV (by Model) in October 2010

Manufacturers	Foreign manufacturer with stake or technology	Major brands	Sales							Production							Sale / Production (Oct. 10)		
			Oct. 10	Oct.09	Oct.10/09	Year to date (2010)	Year to date (2009)	10/09 Year to date	Total of 2009	Oct.10/ Total of 2009	Oct. 10	Oct.09	Oct.10/09	Year to date (2010)	Year to date (2009)	10/09 Year to date		Total of 2009	Oct.10/ Total of 2009
SH GM	GM	Chevrolet; Excelle	97666	67496	44.70%	821208	535797	53.27%	708356	13.79%	99615	65892	51.18%	831287	533720	55.75%	703481	14.16%	-1.96%
SH VW	VW	Santana; Passat	92100	63384	45.30%	808663	575454	40.53%	728238	12.65%	92678	67523	37.25%	832682	568335	46.51%	716560	12.93%	-0.62%
SAIC-GM-WULING	GM	Sunshine; Spark	86824	83290	4.24%	978451	818754	19.50%	976808	8.89%	90065	89389	0.76%	941362	827113	13.81%	1031284	8.73%	-3.60%
CHANG'AN GROUP		Landwind; cross passenger car	86093	63109	36.42%	747523	551567	35.53%	654696	13.15%	78346	61564	27.26%	744804	532785	39.79%	659527	11.88%	9.89%
FAW-VW	VW	Audi; Bora	79481	65791	20.81%	724634	551150	31.48%	669180	11.88%	80293	65312	22.94%	713918	538575	32.56%	670767	11.97%	-1.01%
CHERY		QQ; Chiyun	63611	43751	45.39%	533770	381351	39.97%	500303	12.71%	64733	46143	40.29%	531344	387635	37.07%	508567	12.73%	-1.73%
BEIJING HYUNDAI	HYUNDAI	Elantra; Sonata	59287	48191	23.03%	569787	460590	23.71%	570309	10.40%	55507	45077	23.14%	565348	456850	23.75%	571234	9.72%	6.81%
DONGFENG NISSAN	NISSAN	Tiida; Teana	52216	50419	3.56%	551477	422460	30.54%	518968	10.06%	55898	50204	11.34%	547476	410444	33.39%	522965	10.69%	-6.59%
BYD		BYD	40578	46646	-13.01%	426792	337597	26.42%	448397	9.05%	41572	46735	-11.05%	431816	316946	36.24%	427732	9.72%	-2.39%
FAW-TOYOTA	TOYOTA	Corolla; Vios	39872	38685	3.07%	397519	329305	20.71%	417299	9.55%	40986	38981	5.14%	397903	308961	28.79%	396120	10.35%	-2.72%
GEELY		Meiri; Ziyoujian	38988	30636	27.26%	324220	253833	27.73%	329104	11.85%	38961	30403	28.15%	326603	257021	27.07%	330275	11.80%	0.07%
CHANG'AN-FORD-MAZDA	FORD;VOLVO; MAZDA	Fox;Mondeo	36640	29383	24.70%	327381	255759	28.00%	316139	11.59%	33365	32114	3.90%	324741	254567	27.57%	320230	10.42%	9.82%
DONGFENG GROUP		Little Prince; cross passenger car	33415	17579	90.08%	236892	146788	61.38%	188202	17.75%	33783	17297	95.31%	238717	143513	66.34%	185236	18.24%	-1.09%
DONGFENG PSA	PSA	PSA; Fukang	32305	23439	37.83%	293343	209647	39.92%	270006	11.96%	31447	23916	31.49%	297022	201283	47.56%	262889	11.96%	2.73%
GUANGZHOU HONDA	HONDA	Accord; Fit	31055	30599	1.49%	311093	291345	6.78%	365623	8.49%	32424	31305	3.57%	312798	291650	7.25%	365997	8.86%	-4.22%
DONGFENG YUEDA KIA	KIA	Cerato; Rio	29340	23435	25.20%	267038	180313	48.10%	241386	12.15%	31706	23005	37.82%	269276	181543	48.33%	244068	12.99%	-7.46%
		Hover; Safe	28944	14312	102.24%	213769	108815	96.45%	155117	18.66%	28833	14719	95.89%	216359	114104	89.62%	154829	18.62%	0.38%
TIANJIN FAW XIALI		Xiali	24849	16080	54.53%	196892	174755	12.67%	212222	11.71%	20650	17600	17.33%	196456	169703	15.76%	214517	9.63%	20.33%
FAW CAR		Red flag; Mazda	23710	17275	37.25%	216274	144561	49.61%	188141	12.60%	21366	20519	4.13%	218963	149502	46.46%	191033	11.18%	10.97%
DONGFENG HONDA	HONDA	CRV; Civic	21995	20055	9.67%	217617	168550	29.11%	210601	10.44%	21231	19824	7.10%	217926	166230	31.10%	208131	10.20%	3.60%
JINBEI		Zhonghua; Junjie	20837	15987	30.34%	190845	110558	72.62%	145556	14.32%	16366	19399	-15.63%	182130	123400	47.59%	152297	10.75%	27.32%
GUANGZHOU TOYOTA	TOYOTA	Camry	20300	20999	-3.33%	221105	162632	35.95%	209587	9.69%	20731	21668	-4.32%	218248	160448	36.02%	209613	9.89%	-2.08%
CHONGQING CHANG'AN-SUZUKI	SUZUKI	Alto; Swift	17003	13715	23.97%	162780	120514	35.07%	150069	11.33%	18064	13916	29.81%	159367	120920	31.80%	154810	11.67%	-5.87%
ANHUI JIANGHUAI		Ruifeng; Ruihui	16479	12061	36.63%	162522	100030	62.47%	123360	13.36%	15484	11513	34.49%	162079	100664	61.01%	124469	12.44%	6.43%
FAW GROUP		FAW JIABAO	14400	5095	182.63%	86558	41565	108.25%	57205	25.17%	12679	4930	157.18%	92803	41298	124.72%	58306	21.75%	13.57%
FAW-HAINAN	MAZDAR	MAZDAR	11202	6270	78.66%	112518	70902	58.70%	91063	12.30%	11508	7903	45.62%	108693	71149	52.77%	91627	12.56%	-2.66%
HAFEI		Lubao; cross passenger car	10828	14825	-26.96%	117320	154133	-23.88%	193099	5.61%	12450	15425	-19.29%	116036	160105	-27.53%	195433	6.37%	-13.03%
SOUTHEAST		Southeast	10333	8638	19.62%	88402	58115	52.12%	82057	12.59%	11799	10173	15.98%	90079	62857	43.31%	85621	13.78%	-12.42%
JIANGXI CHANGHE		Beidouxing; Liana	10110	11056	-8.56%	111370	106653	4.42%	135785	7.45%	8693	12125	-28.31%	103416	104345	-0.89%	136400	6.37%	16.30%
HUNAN JIANGNAN		JIANGNAN	9921	2188	353.43%	98738	2268	4253.53%	30139	32.92%	12166	2576	372.28%	104398	2395	4259.00%	31389	38.76%	-18.45%
RONGCHENG HUATAI		Huatai	7253	4899	48.05%	65875	39483	66.84%	50875	14.26%	7291	4785	52.37%	65682	40163	63.54%	51208	14.24%	-0.52%
CHONGQINGLIFAN		LIFAN	6750	4625	45.95%	45211	32466	39.26%	44482	15.17%	7078	4500	57.29%	45873	32645	40.52%	44992	15.73%	-4.63%
SAIC		Roewe	6700	6507	2.97%	92860	62085	49.57%	75188	8.91%	6604	8209	-19.55%	82830	69337	19.46%	87927	7.51%	1.45%
HAIMA		FSTAR	5114	4250	20.33%	51386	14651	250.73%	26588	19.23%	5305	3510	51.14%	52199	15248	242.33%	26671	19.89%	-3.60%
BRILLIANCE BMW	BMW	BMW3&5	5009	3765	33.04%	40939	37717	8.54%	44996	11.13%	5770	3758	53.54%	40514	34720	16.69%	44004	13.11%	-13.19%
NANJING GROUP	FIAT	Pallo; Siena	4518	1654	173.16%	38616	11712	229.71%	14943	30.23%	5990	1818	229.48%	42476	11824	259.24%	15678	38.21%	-24.57%
CHENZHOU JIAO		NANYAN	4072	2652	53.54%	31052	27234	14.02%	32617	12.48%	4043	2717	48.80%	31306	27418	14.18%	32897	12.29%	0.72%
BEIJING DC	DC	Benz; Outlander	3912	370	957.30%	27276	16637	63.95%	19620	19.94%	3708	420	782.86%	27776	12634	119.85%	15624	23.73%	5.50%
HONDA (China)		Jazz	1930	1900	1.58%	20518	23197	-11.55%	28299	6.82%	1741	2037	-14.53%	20257	23107	-12.33%	28327	6.15%	10.86%
FUJIAN DAIMLER		DAIMLER	1122	0	-	8092	0	-	0	-	1278	0	-	8667	0	-	0	-	-12.21%
	others		16412	11452	43.31%	162354	99350	63.42%	106692	15.38%	15919	11406	39.57%	166811	103444	61.26%	111096	14.33%	3.10%
	total		1203174	946463	27.12%	11100680	8190293	35.53%	10331315	11.65%	1198126	970310	23.48%	11078441	8128601	36.29%	10383831	11.54%	0.42%