

# Chinese Automakers Take Aim At 'Green' Market Niche

Chi-Chi Zhang, Associated Press Writer

BEIJING (AP) — The first Chinese-made car to hit the U.S. market might be an all-electric minivan that skips over gasoline technology and gets a head start on the auto industry's next era.

BYD Inc., part-owned by billionaire investor Warren Buffett's Berkshire Hathaway Inc., hopes to start selling its five-seat e6 on the West Coast this year.

The e6, displayed this week at the Beijing auto show, is one of a series of "green" vehicles being developed by Chinese automakers that run on everything from batteries to solar panels and tiny wind turbines. They lag Western rivals in technology but are working at a frenzied pace to ensure they'll be part of the green automobile age.

"Automakers want to invest because they know it's one area where they can really compete abroad," said Liu Lixi, an auto analyst with Northeast Securities Co. in Shanghai.

China, the world's biggest auto market since last year, is emerging as both a major potential buyer of green vehicles and a source of eager if inexperienced producers such as BYD, Chery Automobile Co. and Volvo buyer Geely.

Beijing is promoting green transportation in hopes of cleaning up its battered environment, reducing surging reliance on imported oil and capturing a share of a promising infant industry with no entrenched competitors.

The government announced in March it will promote Chinese technology with tax breaks and other subsidies similar to those given in the United States, Japan and Europe. Automakers are waiting for details.

If BYD can get its e6 to market in the United States, it would be in place to compete with the first wave of mass-market American all-electric vehicles, including General Motors Co.'s Chevrolet Volt and Tesla Motors Inc.'s Roadster.

Other Chinese producers have announced plans in the past to export to the United States but have yet to meet American emissions standards. Going all-electric, which has no emissions at all, would eliminate that hurdle.

Chinese cars also have yet to pass Western crash tests, and BYD spokesman Paul Lin said the company was working on satisfying safety standards for the e6.

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Other Chinese automakers are working on a wide array of alternative cars, some of which debuted at this week's Auto China 2010.

Dongfeng Motor Corp. showed its all-electric I-Car, a toy-like concept car that looks like a smiley face on wheels. The tiny hatchback's styling is straight out of "Star Trek," with glowing neon blue hubcaps and a futuristic interior with touch-pad buttons.

Geely unveiled six alternative energy vehicles, some of which it said it plans to release by next year. Geely shot to prominence abroad in March when it agreed to buy Volvo Cars from Ford Motor Co. for \$1.8 billion.

Geely is still in the early stages of research on green vehicles and it could be two to three years before it decides on its long-term strategy, said its founder and chairman, Li Shufu.

"Renewable energy cars are the concept and future in the industry and Geely is part of it," said Li.

One of the most extreme visions of China's green future is the Ye Zi, or Leaf, an experimental car developed by SAIC, the local partner of GM and Volkswagen AG. It looks like a praying mantis on wheels, with a jutting leaf-shaped roof that supports solar panels and tiny wind turbines on its wheels to top up its batteries.

SAIC plans to debut its Leaf at the Shanghai Expo, which opens May 1 and is expected to draw some 70 million visitors, including five million from abroad.

Nissan Motor Co.'s CEO Carlos Ghosn said the Chinese green auto market is potentially so huge that Nissan already making tentative plans for production in China of its own all-electric car, also called the Leaf.

Nissan is waiting to see whether Beijing will pay Chinese buyers a subsidy big enough to bring down the price of electric vehicles to the level of gasoline models, Ghosn told reporters at the auto show. He said governments in the United States, Europe and Japan pay about \$7,500 (5,000 euros) per vehicle.

Alternative vehicles have gotten a lackluster reception in China so far but that should change with government subsidies, said Liu, the auto analyst.

Still, it won't be easy for Chinese producers to succeed in Western markets, even though they successfully export gasoline models to markets in Asia, Africa and Latin America, said Zhang Xin, an auto analyst at Guotai Juan'an Securities in Beijing.

"Globally, the quality of most Chinese cars is still not good enough for European and U.S. markets," Zhang said. "China entered the auto market so late, so it will take some time for them to play catch up."

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