

# INTERNATIONAL BULLETIN

## MARCH 2011

### Key Contents

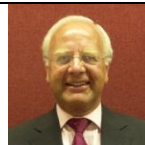
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## Editorial

David Crosson  
Head of International, SMMT



### Who do you turn to when the world turns upside down?

The tragic events in Japan has left everyone reeling at the scale and speed of the damage caused whilst marvelling at the quiet calm, courage and fortitude of the Japanese people. We express our sorrow and extend our sympathy and compassion to those bereaved and injured, to the many made homeless and all whose regular life and employment has been so dramatically and suddenly thrown into chaos and confusion.

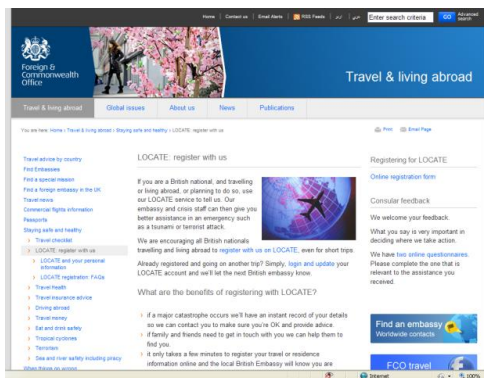
We have no doubt that the Japanese nation will recover and demonstrate its resilience and self reliance. None of us can imagine how we might cope personally in similar circumstances and let us hope we never have to discover.

The reports of the natural disasters in Japan and the recent civil unrest and military action in North Africa and the Middle East prompts me to reflect that those of us who travel abroad for business or pleasure should avail ourselves of the excellent FCO

“Contact” scheme. This scheme makes it much easier to track our location abroad if we ever need assistance and to help contact our nearest and dearest who may be concerned by our absence or inability to communicate directly through some unforeseen emergency.

There has been comment that the British government officials at the local embassy and FCO staff in the UK were slow to identify the presence of UK nationals and offer assistance in countries affected by disturbances over the last few months. I wonder, however, how many of those had registered with the FCO Contact database before embarking on their travel abroad?

If you are a British national travelling or living abroad, or planning to do so, the FCO LOCATE service logs your travel plan. UK embassy and crisis staff can then give better assistance in an emergency such as a tsunami or terrorist attack, or even assist you with the loss of your passport or illness abroad.



British nationals travelling and living abroad should take a few moments to register on the LOCATE website, even for short trips. Multiple trips can also be logged as your travel itinerary develops and changes are easily made.

The benefits of registering are simple:

- If a major catastrophe occurs embassy staff will have an instant record of your details so they can contact you to make sure you're OK and provide advice.

- If family and friends need to get in touch with you they can help them to find you.
- It only takes a few minutes to register your travel or residence information online and the local British Embassy will know you are coming. You do not need to contact them directly.
- You only need to register for the service once and then update your account when you make a new trip abroad or change your country of residence. You can even add planned trips abroad up to a year ahead
- LOCATE improves FCO ability to provide help in an emergency and reduce delay and worry in times of stress for family and friends at home.

To register with LOCATE visit the website at:

[www.locate.fco.gov.uk/LocatePortal/olrportal.aspx?Page=Home](http://www.locate.fco.gov.uk/LocatePortal/olrportal.aspx?Page=Home)

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## Key Dates



### SMMT Group Meetings

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## SMMT International Automotive Summit

Tuesday 28 June 2011

### Customs and Tariffs Working Group:

Wednesday 22 June 2011  
 Wednesday 7 September 2011  
 Wednesday 7 December 2011

### International Business Group:

Thursday 7 July 2011  
 Tuesday 29 November 2011

### Personal Export Sales Group:

Friday 17 June 2011  
 Friday 9 December 2011

### Design Engineering Group:

Tuesday 28 June 2011  
 Tuesday 29 November 2011

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## To print or not to print?



### Important: Action required

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### That is the question and we would like your answers.

The International Bulletin has, for some time, been available in both printed and electronic formats. The printed version is sent direct to around 500 named recipients, whilst the electronic edition is up-loaded on to the SMMT website.

As SMMT plans for our relocation, in July, to our new offices, one of our

“resolutions” is to reduce the volume of paper that we produce and store.

As part of that process, we should like to issue the International Bulletin (IB) electronically via email and on the website, but only to recipients who are happy to receive it in this format. If you would still like to receive the printed version, we are happy to continue sending it to you.

So, please, take a minute to send a quick email to Pat Shaw

[pshaw@smmt.co.uk](mailto:pshaw@smmt.co.uk) to let us know the format you would prefer to receive in the future.

If we don't hear from you we'll assume you are happy to receive the IB only in an electronic format.

## Trade Events



### International Events held in the UK

**9 – 13 May 2011**  
**UK/China Business Exchange,**  
**West Midlands**

This UK/China Business Exchange is bringing the Chinese Advanced Engineering community to you.

At this major business networking event, UK companies will be able to interact with their Chinese

counterparts in workshop sessions and pre-arranged one to one meetings

Cost to attend the event is just £95+VAT per delegate.  
 Event Organiser: UKTI Advanced Engineering

**contact:** Jack Bailey  
**tel:** +44 (0)20 7700 0008  
**email:** [jack@btob.co.uk](mailto:jack@btob.co.uk)

## Trade Events



### International Events held abroad

**China: 21-28 April 2011**  
**Auto Shanghai 2011, Shanghai**  
 The 14<sup>th</sup> Shanghai International Automobile Industry Exhibition, one of the leading shows in the Chinese calendar. For more information go to: [www.autoshanghai.org](http://www.autoshanghai.org)

**China: 10-14 June 2011**  
**International Auto Industry Fair 2011, Chongqing**  
 Now in its 13<sup>th</sup> year, 2010 show had over 250,000 visitors. For more information go to: [www.autochongqing.com](http://www.autochongqing.com)



### SMMT supported event

#### **China: 8-10 September CIAPE 2011, Beijing**

Let SMMT know if you are interested in attending as if there is enough interest we may organise an exhibitor mission to this, the 5<sup>th</sup> International Auto Parts Expo. For more information go to: [www.iapechina.com](http://www.iapechina.com)

To express interest drop an email to

**contact:** Sarah Thevenet

**email:** [sthevenet@smmt.co.uk](mailto:sthevenet@smmt.co.uk)



### SMMT supported event

#### **France: 11-15 October 2011 EquipAuto, Paris**

SMMT, in association with UKTI, is pleased to present the UK pavilion at Equip Auto 2011, the largest show in Europe for equipment for all vehicles. Early applicants may qualify, where eligible, for a limited number of UKTI Tradeshow Access Programme (TAP) grants.

**contact:** Ruta Aisthorpe

**email:** [raisthorpe@smmt.co.uk](mailto:raisthorpe@smmt.co.uk)

#### **Germany: 14 April 2011 B2B Business Brokerage Event, Düsseldorf**

This event, organised by the AutoCluster NRW in collaboration Dutch, Belgian, Hungarian and Slovenian organisations focuses on building business around

electromobility, conventional drivetrains, safety, comfort, and conservation of resources thought technologies such as lightweight materials. For more information please contact your local Enterprise Europe Network representative or visit [www.enterprise-europe-network.ec.europa.eu/public/bemt/home.cfm?EventID=2603](http://www.enterprise-europe-network.ec.europa.eu/public/bemt/home.cfm?EventID=2603)

#### **Germany: 29 April 2011 Automotive News Europe Rising Stars 2011, Gala Dinner, Cologne**

Who are the pan-European leaders of tomorrow? Find out at a gala dinner honouring the rising stars of the European auto industry and the companies who are nurturing their talents. Read more at:

[www.autonews.com/section/anevents#ixzz1HVeCwq3D](http://www.autonews.com/section/anevents#ixzz1HVeCwq3D)

#### **India: 6-8 October 2011 APAC, Chennai**

The 16<sup>th</sup> Asia Pacific Automotive Engineering Conference (APAC) is being held for the first time in India. This is a networking opportunity and is an excellent platform for business promotion and to showcase new technologies. For more information go to: [www.apac16.org](http://www.apac16.org)

**contact:** Maya Sivakumar

**tel:** + 91 44 4219 215 1

**email:** [maya.sivakumar@fco.gov.uk](mailto:maya.sivakumar@fco.gov.uk)

**SMMT supported event****Italy: 25-29 May 2011****SMMT managed visit with Ferrari and Lamborghini Factory Tours Autopromotec, Bologna**

Autopromotec, the annual automotive aftermarket industry event, will exhibit at the Trade Fair Centre, Bologna, Italy from 25-29 May 2011. SMMT is offering an exclusive package to interested parties to exhibit as part of the UK Pavilion Group that will include free tours of the manufacturing plants of Ferrari and Lamborghini.

**contact:** Ruta Aisthorpe**email:** [raisthorpe@smtt.co.uk](mailto:raisthorpe@smtt.co.uk)**SMMT supported event****Mexico: 13-15 July 2011****PAACE Automechanika, Mexico City**

SMMT has negotiated a preferential package for UK companies wishing to exhibit at the PAACE Automechanika show, Now in its 13<sup>th</sup> year, PAACE Automechanika is widely recognised as the leading automotive trade show in Central and Latin America, covering parts, accessories, tuning, repair and maintenance, IT and management, and service station equipment. Unsurprisingly, given the average life cycle of a vehicle reaches 14 years+ and with thousands of kilometres of unpaved "terrazeria" roads Mexico

boasts a strong automotive aftermarket.

The preferential exhibitor package offers complete shell-scheme stands, with enhanced signage, for as little as USD 3,132 (inclusive of 16% local VAT). For more details

**contact:** Pat Shaw**tel:** +44 (0)20 7344 9260**email:** [pshaw@smtt.co.uk](mailto:pshaw@smtt.co.uk)**SMMT supported event****The Netherlands: 19-21 June 2011****SMMT managed visit****Rematec, Amsterdam**

SMMT, in association with UKTI, is inviting interested parties to exhibit as part of the UK Pavilion Group at ReMaTec 2011, Europe's biggest and best re-manufacturing event, which will take place at the RAI Convention Centre, Amsterdam.

**contact:** Pat Shaw**tel:** +44 (0)20 7344 9260**email:** [pshaw@smtt.co.uk](mailto:pshaw@smtt.co.uk)**SMMT supported event****UAE : 7-9 June 2011****Automechanika Middle East, Dubai**

SMMT in association with UKTI will present the UK pavilion group at Automechanika Middle East 2011. It is the leading showcase event for reaching automotive markets in the

Middle East, offering exhibitors an opportunity to access emerging markets in India and Africa. Already 14 companies have applied to participate and, whilst there are no more TAP

grants available, further participation is welcomed.

**contact:** David Croxson

**email:** [dcroxson@smtt.co.uk](mailto:dcroxson@smtt.co.uk)

## Trade Support Initiatives



Helping you do business

### Further UKTI TAP grants just announced

To support the export potential of UK SMEs, UKTI has announced that it intends to keep TAP (Tradeshaw Access Programme) grants. Whilst UKTI's budget options were still under discussion, they were only able to release details of TAP grants for Trade Association led groups to June 2011.

We are pleased that we have now had confirmation that attendance at the SMMT UK pavilion at Equip Auto Paris in October 2011 and Auto Expo India in January 2012 will now be included in the scheme.

To register for grants for these shows please refer to the SMMT contacts as shown in the events section of this International Bulletin.

### UKTI Automotive Sector Contacts

UKTI is the UK government's lead organisation for supporting UK companies in overseas business, and for attracting inward investment.

[www.ukti.gov.uk](http://www.ukti.gov.uk)

Your two main contacts in the UK for the UKTI Automotive Sector are:

**contact:** Ian Lockhart, Head of Sector

**tel:** +44 (0)141 228 3654

**email:** [ian.lockhart@ukti.gov.uk](mailto:ian.lockhart@ukti.gov.uk)

**contact:** Phil Bales, Trade Development Manager

**tel:** +44 (0)141 228 3643

**email:** [phil.bales@ukti.gov.uk](mailto:phil.bales@ukti.gov.uk)

### Automotive Supplier Finder

SMMT provides a free to user service to find UK suppliers.

[www.autosupplierfinder.com](http://www.autosupplierfinder.com)



## News Round-up



### Global news

#### Canada

##### **Mercedes to set up fuel cell stack production**

18 March 2011

*AutomotiveWorld.com*

Mercedes-Benz Canada plans to set up a new production facility for fuel cell stacks in Vancouver, British Columbia. Construction on the new facility will begin immediately.

#### China

##### **SAIC stepping up CV plans**

11 March 2011

*AutomotiveWorld.com*

According to Aftermarket Business SAIC plans to launch two new commercial vehicle subsidiaries as part of efforts to expand its CV business.

##### **Great Wall sees net profit jump 164% in 2010**

17 March 2011

*AutomotiveWorld.com*

Great Wall Motor has reported a 164% rise in net profit in 2010 as revenue increased 79% to Yuan 22,175m (US\$3.37bn), driven by a 73.2% rise in vehicle sales -

from 209,860 in 2009 to 363,482 in 2010.

##### **China's emerging auto industry**

14 March 2011

*just-auto.com*

Despite some fears over market slowdown in China this year, automakers show no indication that they are slackening off the pace of investment in new car production. A recent report suggested automakers would invest more than US\$1.5bn in manufacturing capacity in Guangdong province alone in 2011.

##### **VW to launch Seat brand in China**

16 March 2011

*Automotive News Europe*

Volkswagen AG plans to introduce its Seat brand to China and will have a stand for the Spanish cars on display at the Shanghai auto show next month.

##### **BMW to show China hybrid in Shanghai**

19 March 2011

*Automotive News Europe*

BMW-AG plans to unveil its first hybrid-electric model for the Chinese market at the Shanghai auto show

next month. BMW began producing the new long-wheel-base 5-series in late 2010 as part of its joint venture with Brilliance in Shenyang. With 183,328 units sold in 2010, China ranked as the third largest market for BMW, behind Germany and the United States.

### **Hyundai and Kia see sales soar**

*21 March 2011*

*just-auto.com*

Both Hyundai and Kia gained on their rivals in China last month with Hyundai taking the No 3 sales slot for the first time, behind Shanghai-Volkswagen and Shanghai-GM while Kia was the ninth best-selling brand.

### **France**

#### **Peugeot 3008 Hybrid 4 Limited Ed sells out**

*17 March 2011*

*AutomotiveWorld.com*

Peugeot has sold out its limited production run of 3008 HYbrid4 Limited Edition models in just nine days. The OEM was offering just 300 units in 11 European countries.

### **Georgia**

#### **Renault signs EV deal with government**

*18 March 2011*

*AutomotiveWorld.com*

Renault has signed an agreement with the Georgian government to collaborate on electric vehicle (EV) infrastructure and uptake in the country. The partnership will focus on the promotion of EVs,

### **Germany**

#### **VW starts Golf Cabrio output at Osnabrück**

*18 March 2011*

*AutomotiveWorld.com*

Volkswagen has announced it has officially started production of the new-generation Golf Cabriolet at its new facility in Osnabrück, Germany.

#### **GM appoints Stracke CEO of Opel/Vauxhall**

*17 March 2011*

*AutomotiveWorld.com*

General Motors (GM) has named Karl-Friedrich Stracke chief executive officer of Opel/Vauxhall, effective 1 April 2011

### **India**

#### **Toyota to boost output at its two plants**

*17 March 2011,*

*AutomotiveWorld.com*

Toyota's joint venture in India, Toyota Kirloskar Motor (TKM), plans to increase annual

production capacity at its two plants in Bidadi, near Bangalore, to a combined 210,000 upa.

### **Ashok Leyland-Nissan JV to start build in H2**

16 March 2011

*AutomotiveWorld.com*

The joint venture between Nissan and Indian commercial vehicles manufacturer Ashok Leyland is scheduled to commence production of its light commercial vehicles in the second half of 2011.

### **Force Motors likely to set up new plant in Pune**

16 March 2011

*AutomotiveWorld.com*

Indian commercial vehicles manufacturer Force Motors, based in Pune, plans to set up a new plant, its third in the country, in 2012. This plant will be used to produce small CVs, the company said.

### **Volvo Buses eyes US\$1bn turnover by 2015**

15 March 2011

*AutomotiveWorld.com*

Volvo Buses India plans to invest Rs2bn (US\$44.2m) to Rs3bn in the next two to three years to ramp up production at

its facility in Hosakote, near the southern Indian city of Bangalore. According to a report in Engineering News, an OEMs' 'purchasing council', which would seek to further bolster localisation efforts in South Africa's automotive supply chain, is being finalised.

### **TATA ponders next move in globalisation strategy**

7 March 2011

*just-auto.com*

Tata Motors wants to take its globalisation plans to the next level by building passenger car plants in strategic overseas markets, likely to be in countries such as Indonesia, South Africa and Brazil reported the Hindustan Times. The company thinks the Indica Vista and Indigo Manza will appeal in emerging markets.

### **TATA trials Winger CNG**

15 March 2011

[www.ngvjjournal.com](http://www.ngvjjournal.com)

Tata has been testing a maxi van powered by compressed natural gas. The multi utility vehicle was designed to be used as a school van, hospital ambulance or family car, among other purposes. Tata Motors expects to launch more environment-friendly products in the market, such as Tata low-floor Hybrid Starbus for city

transport. It comes with a parallel hybrid engine comprising an internal combustion CNG engine, and an electric motor using regenerative energy storage system. Parallel hybrid technology uses power generation simultaneously through both the CNG engine and the electric motor to drive the vehicle.

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## Japan

### **Mazda to resume production on 22 March**

18 March 2011

*AutomotiveWorld.com*

Mazda plans to restart production at its Hiroshima and Hofu plants following a halt caused by the earthquake and tsunami that devastated parts of Japan. Operations at the plants were halted from 14 March.

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## Spain

### **February LCV sales decline by 6.6%**

10 March 2011

*AutomotiveWorld.com*

Registrations of light commercial vehicles continued to decline in Spain in February. Numbers were down by 6.6% at 9,215 LCVs. Data compiled by the Spanish automotive industry association (Anfac) show

### **February CV sales rise 41.1% on-year**

17 March 2011

*AutomotiveWorld.com*

The commercial vehicle industry in Spain posted a significant 41.1% year-on-year increase in registrations of trucks, buses, coaches and minibuses in February 2011, reaching 1,404 units.

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## South Korea

### **OEMs to cut output on parts shortage**

18 March 2011

*AutomotiveWorld.com*

Renault's South Korean subsidiary Renault Samsung has announced that it will reduce production owing to a possible lack of automotive components coming from Japan, due to the crisis.

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## Sweden

### **Volvo Group truck deliveries up 49% in February**

16 March 2011

*AutomotiveWorld.com*

Volvo has announced that total deliveries from the Volvo Group's truck operations in February 2011 amounted to 17,862 vehicles. This was an increase of 49% compared with the year-earlier.

## ZF to set up sub-assembly plant for Saab

18 March 2011

*AutomotiveWorld.com*

ZF has announced plans to set up a new sub-assembly plant in Halvorstorp, 3km from Saab's Trollhättan plant, in Sweden to supply front sub-frames and complete rear axles for the Swedish manufacturer.

## Tesla says all Model S cars will generate profits

18 March 2011

*AutomotiveWorld.com*

According to new comments made by J.B. Straubel, Tesla's chief technology officer, all derivatives of its forthcoming Model S sedan will be profitable, even the base model that will sell for US\$57,400.

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## US

### Google Maps adds EV charging station data

18 March 2011

*AutomotiveWorld.com*

According to an earthandindustry.com report, the location of EV charging stations in the US is now available on the Google Maps platform.

### Volvo CE to invest US\$100m in Pennsylvania

16 March 2011

*AutomotiveWorld.com*

Volvo Construction Equipment (Volvo CE), part of the Volvo Group, plans to invest US\$100m in its manufacturing facility in Shippensburg, Pennsylvania.

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## World Trade Organisation Notifications



Here are the outlines of the additional WTO Notifications that have been published since the last edition of the International Bulletin. For a full list of automotive updates go to [www.smmmt.co.uk/international](http://www.smmmt.co.uk/international) or contact [dcroxson@smmmt.co.uk](mailto:dcroxson@smmmt.co.uk)

### Brazil

#### G/TBT/N/BRA/400/Add.1

24 February 2011

This addendum informs that the Conformity Assessment Procedure, issued by Inmetro, the National Institute of Metrology, Standardization and Industrial

Quality and notified under G/TBT/N/BRA/400 (conformity assessment procedure for hydraulic brake fluids for automotive vehicles), was adopted as a final text and published in the Brazilian Official Journal as Ministerial Act nº 78, 03 February 2011 (Portaria N.º 78, de 3 de Fevereiro de 2011 - D.O.U 07/02/2011).

### **European Union**

#### **G/TBT/N/EEC/365**

25 February 2011

This proposal for a Directive specifies the obligatory requirements on emissions for narrow-track tractors.

### **Kenya**

#### **G/TBT/N/KEN/268**

1 March 2011

This proposal specifies the requirements for the performance and installation of devices designed to limit the maximum road speed of motor vehicles by control of engine power.

### **Trinidad and Tobago**

#### **G/TBT/N/TTO/98**

15 March 2011

This standard specifies the properties and test methods for automotive diesel fuel intended for sale in Trinidad and Tobago.

### **USA**

#### **G/TBT/N/USA/605/Add.1**

11 March 2011

On 7 December 2010, NHTSA published a notice of proposed rulemaking to alter rear-view mirror safety standards. Two public technical workshops have been held and further comments are being accepted until 18 April 2011. For full information go to:

[edocket.access.gpo.gov/2011/2011-4736.htm](http://edocket.access.gpo.gov/2011/2011-4736.htm)

### **USA**

#### **G/TBT/N/USA/603/Corr.1**

7 March 2011

NHTSA and EPA published in the Federal Register of 30 November 2010, proposed rules to establish a comprehensive Heavy-Duty National Program to increase fuel efficiency and reduce greenhouse gas emissions for on-road heavy-duty vehicles, The November document inadvertently contained errors in fuel consumption values and rounding errors. This document corrects all previous errors. For full information go to:

<http://edocket.access.gpo.gov/2010/2010-32726.htm>

### **USA**

#### **G/TBT/N/USA/507/Add.1/Corr.1**

14 March 2011

Correction: In rule document 2011-547, appearing on pages 3212-3305 of the issue of Wednesday, 19 January 2011, make the following change:

On page 3301, in the first column, above the paragraph headed "S8.4 Vehicles manufactured on or after September 1, 2015 and before September 1, 2016.", insert the following text:

Sec. 571.226 [Corrected] S8.3  
Vehicles manufactured on or after September 1, 2014 and before September 1, 2015. Subject to S8.9,

for vehicles manufactured on or after September 1, 2014 and before September 1, 2015, the number of vehicles complying with S4.2 shall be not less than 50 percent of:

- (a) The manufacturer's average annual production of vehicles manufactured in the three previous production years; or
- (b) The manufacturer's production in the current production year.

For full information go to:

<http://edocket.access.gpo.gov/2011/C1-2011-547.htm>

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## JCC Customs Information Papers



### Customs Info Paper (11) 17

Latest consolidated draft legal text of the Modernised Customs Code Implementing Provisions (MCCIPs)

**Effective:** Immediately

### Customs Info Paper (11) 21

This is a notification of bank account closure HMRC Flexible Accounting System (FAS). HMRC introduced a new bank account for HMRC FAS in March 2009. The old BofE account will be closed at the end of March 2011 and it is therefore essential

that all future HMRC FAS CHAPS and Bacs payments are made using the new account details.

**Effective:** 09 March 2011

### Customs Info Paper (11) 22

Notification of a new mercury export ban affecting all involved in the export of mercury and mercury compound goods

**Effective:** 15 March 2011

**Customs Info Paper (11) 23**

Introduction of Electronic Licences for ozone depleting substances (ODS)

**Effective:** 14 March 2011

**Customs Info Paper (11) 24**

This is relevant for all involved in importing and exporting. HMRC has decided to replace the current two-hour commitment to clear 95% of route 1 entries within two hours, with a commitment to clear 95% of air and driver-accompanied RORO freight route 1 entries within two hours.

Other commitments include:

- 95% of deep-sea maritime freight route 1 entries received between 8am and 3pm Monday to Friday (excluding bank holidays) cleared within three hours.
- 95% of deep-sea maritime freight entries received after 3pm on a working week day, on weekends and on bank holidays cleared by 8am the next day.
- Retention of the 2 hour clearance for “urgent” goods.
- Continue to undertake to clear certain entries within three hours

if for reasons outside the business’s control the goods are delayed, e.g. adverse weather.

The commitments apply from the time all the necessary paperwork for that route 1 entry has been submitted.

**Effective:** 08:00 4 April 2011

**Customs Info Paper (11) 26**

Clarification of the legal requirements relating to the movements of goods into, between and out of temporary storage facilities plus the consequences of non-compliant activities

**Effective:** Immediately

**Customs Info Paper (11) 29**

Changes to the customs procedure codes (CPC) used to claim VAT relief. From 1 July 2011 the existing AI statements of VAT06 and VAT07 will cease to exist with OSR CPCs and will be replaced with new codes. Please see CIP (10) 68 New EU requirement for completion of C88 for onward supply relief for full details of the new codes.

**Effective:** 1 July 2011



## International Market Snap-Shots



### CHINA

#### Still opportunities rising in the East



The SMMT International Team has just returned from a successful mission to China. Despite our many earlier trips to China we are consistently surprised at the growth and development in the Chinese auto market, this trip was no exception.

It is worth giving a few market facts as it is difficult to comprehend the level of growth:

- Chinese auto sales up 35.97% year on year to 13.14m units in the first nine months of 2010.
- 20% of global passenger car sales were made in China.
- Luxury car sales up 66% in the first quarter of 2010.
- Investment in the Chinese auto industry will lead to a production capacity of 31m vehicles per year by 2015.
- Senior government officials expect the domestic market to

reach 30m units by 2020, nearly double the current market size.

- The Chinese government plan to invest \$14.7bn in new energy vehicles.

Without doubt China is a dynamic market, but the level of investment and the growth in capacity has led some to question whether China is heading for over-capacity issues, which will impact upon their long-term competitiveness.

Martin Kahl, writing for Automotive World notes that the China Association of Automobile Manufacturers (CAAM) reported year on year sales in February 2011 of just 4.6%. Are we seeing stalling domestic demand at a time of increasing production capacity? Let's put some perspective to it. According to Automotive World, China is now the world's largest vehicle market and will soon overtake NAFTA and the EU in terms of vehicle sales. Even if sales

slow, the opportunities in this marketplace cannot be ignored.

UKTI in a recent report highlight the key opportunities in China. Key areas for UK companies are seen to be:

- Development of alternative fuels such as clean diesel and bio fuels
- Battery technologies: NiMH high power lithium batteries
- Battery development methods, manufacturing technique, cell packaging, management system, quality control, design philosophy and product performance analytical software
- Electric motor core control technologies, power management systems, vehicle control theory platforms and intelligent vehicle control systems
- Control systems technologies, integration and components
- Specialized electric motor manufacturing and technology
- Development of auxiliary electrical systems such as DC/AC converters, electric air conditioning, power steering and cooling pump systems
- Engineering design

Doing business in China can be interesting. SMMT can help you understand the restrictions and the opportunities.

**Article Sources:**  
**Automotive opportunities in China**

UKTI

[www.ukti.gov.uk/pt\\_pt/uktihome/sectorbriefing/125960.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/sectorbriefing/125960.html?null)

**Slow(er) and steady growth for China's vehicle market**

*Martin Kahl, AutomotiveWorld*  
 15 March 2011

**Glut Warning for China's auto industry**

*Patti Waldmeir, FT*  
 20 September 2010

**'Go East' for China's booming automotive industry**

*Ray Massey, Daily Mail*  
 3 May 2010

## Getting goods to your overseas customer

A recent presentation by Worldwide Logistics Ltd, a Midlands based shipping agent, illustrates some of the points to consider getting goods into and out of the country. Shipping agents can offer a useful range of additional services such as packing, warehousing, and arranging groupage and consolidation services where the cost of using a container, vehicle or aircraft is shared between many shippers.

Many exporters are unaware that, due to imbalances in the UK's export and import trade, supply of freight services exceeds demand resulting in a situation where prices on outbound and inbound legs are significantly different such that it is often much less expensive for exporters to ship to a particular market, than it will cost overseas suppliers to ship into the UK. For example, shipping a 13.6m trailer from Stuttgart to Birmingham might cost £1495 but shipping the other way, Birmingham to Stuttgart is £795.

Location, distance and direction will decide which method of shipment is the most appropriate, available and

cost effective. For some locations the only available options from Europe are ocean and air transport. Whilst you may have been able to easily fly in and out of the area in which your customer is located, that doesn't mean that there are regular and direct cargo services into that area. You should ascertain what freight services there are into the immediate area and the proximity of your customer to major cargo airports and maritime ports.

In addition to considering how to get goods from one continent to another, you may also have to contend with geographical factors in certain countries. For example, Sweden, Turkey and Italy all have geography that makes road transit from principle ports to other country locations time consuming and therefore expensive.

It's often the case that exporters, in their haste to conclude a sale, under-estimate how long it will take to get their goods delivered, resulting in broken delivery promises. The following table gives an approximate guide to overland transit times in Europe (door to door) and maritime transit times (port to port).

Destination	Transit time
Europe	1-5 days
Middle East	21-28 days
N. American	10-28 days
Far East	21-28 days
Australia	35-45 days

For destinations outside Europe it's usually the case that additional allowance needs to be made for customs clearance, handling and final delivery to the customer. Depending on the country of destination import controls and the requirement to pay duties and taxes on arrival must also be considered. These matters are usually the responsibility of the importer, but shippers should be aware of the requirements in the event that delays are incurred.

It's important that, before a deal is concluded with an overseas customer the shipper establishes the terms of sale. In this context, terms of sale refers not to the method of payment or any proposed credit period, but rather more the determination of responsibility for shipping costs and risk in relation to the journey of the goods from origin to destination.

The International Chamber of Commerce has established INCOTERMS, a set of terms which define these responsibilities of seller and buyer. For example, Free On Board (FOB), means that the seller is responsible for the shipping cost and risk for the goods up to the moment they are on board a vessel. From that moment on, the buyer is responsible for the remainder the journey's shipping costs and for the risks associated with that part of the journey. Once the seller and buyer have agreed on the relevant INCOTERM to be applied to the contract for supply of goods, both parties need to consider the risk of loss, damage or delay which might occur when the goods are in transit. These can be many and varied and are usually unpredictable. Remember that all carriers limit their liability. It is therefore vital for shippers to look closely at the Standard Trading Conditions of carriers and to consider if the maximum limits of liability cover the value of the goods being shipped.

Shippers should always consider insuring goods, either through their own brokers or through the shipping agent. Insurance costs are relatively cheap. The full value of the goods can be covered (plus contingencies,

such as replacement costs and additional delivery costs) and claims can be made on the insurance provider, avoiding disputes with the carrier

Shippers must consider the matter of liability before despatching goods. It can be disastrous to learn that, when a problem occurs, goods are not automatically 'insured' by carriers or that carriers have limited liability. Liability is often regulated according to the weight of the goods shipped. Carriers, quite reasonably, will not accept responsibility for goods which are damaged due to insufficient packaging or protection. It is a sad fact of life that many exporters do not pack or protect their goods appropriately, especially in view of the conditions in which their goods have to be transported – over long distances, on rough seas & bad roads, through changes in temperature, etc. Consequential liability for costs incurred through delays, etc. is usually excluded.

If goods are damaged or lost in transit, a proof of delivery (P.O.D.) is required. Shippers should always ensure that the overseas customers examine goods on arrival and make any reservations at that time about the condition of the goods, missing

or damaged items and that the document is signed, dated and, preferably, stamped.

A claim for lost or damaged goods will rarely succeed without a clear P.O.D. and if not available, carriers and / or insurers will often immediately refute a claim, so this document is vitally important. Time limits are imposed by carriers and insurers for P.O.D.'s and claims to be notified, so it's important that any problems regarding the condition of goods are identified immediately on arrival of the goods at the delivery point. Exporters would be advised to at least familiarize themselves with the main topics covered in the international shipping conventions in order to know how they regulate the international shipment of goods.

The principal methods available for the international shipment of goods are:

- Maritime shipment: port to port operations using container, bulk, conventional, Lift On Lift Off and specialized vessels. Used for both short sea and inter-continental movements.
- Overland: road vehicles used principally for inter-state movements within one continent and by Roll On Roll Off (RoRo)

ferry across short sea connections. RoRo is also now increasingly used for large items of wheeled and static equipment over both short and long sea journeys.

- Inter Modal: cargo carrying units which can be moved on road, rail and maritime systems.
- Rail: operated mostly between rail terminals, mainly for bulk cargo and large regular flows.
- Barge: limited to use on rivers and seaways.
- Air: used principally for urgent, high value goods. It's still necessary to get goods to and from airports.

The equipment used will depend on the nature of goods for shipment, urgency, cost and availability. Generally speaking, maritime systems are slower and less expensive, whereas air freight is fast and more costly. Road, rail and barge transit times come in-between the extremes of sea and air. Often a combination of methods is used to achieve a complete door to door movement. Shippers need to understand what is the most appropriate equipment and method of shipment for their goods and how that system works, in order to get the best balance of service and cost.

It is unwise to make assumptions about the frequency and regularity of services, transit times and costs if you have not taken the time to understand how these systems work. Vehicles, ships and aircraft do not always operate on a daily basis. Equipment is not always available on demand. The dimensions, shape, weight and nature of goods may limit the kind of equipment which can be used. Urgency of delivery may preclude use of some systems.

It's important for exporters to understand that transport costs, national and international, are based on either the *weight* or the *volume* of goods, whichever is the greater in the estimation of the carrier. Consequently, carriers' prices are calculated according to a weight / volume allowance.

- For maritime shipments this is usually: 1 cubic metre = 1000kg
- For road shipments this is usually :3 cubic metres = 1000kg
- For air freight shipments this is usually :6 cubic metres = 1000kg

It is necessary for shippers to weigh the goods accurately and to calculate the total volume. A typical UK pallet is 120 cm long x 100 cm wide and (for example) 250

cm high. So the volume of the pallet is (1.20 metres x 1.00 metres x 2.50 metres) = 3.0 cubic metres.

Assuming the pallet weighs 1000kg:

- If the pallet was shipped by sea, the carrier allows 1 cu. metre = 1000kg.  
So, although the actual weight is 1000kg, as the volume is 3.0 cubic metres the carrier considers the volume to be the chargeable element and will charge for 3000kg.
- If the pallet was shipped by road, the carrier allows 3 cu. metres = 1000kg.  
So, as the actual weight is 1000kg and, as the volume is 3 cu. metres, the carrier accepts that the weight and the volume are equal and charges for 1000kg.
- If the pallet was shipped by air, the carrier allows 6 cu. metres = 1000kg.  
So, as the actual weight is 1000kg and as the volume is only 3 cu. metres the carrier will consider the weight to be the chargeable element and will charge for 1000kg.

Freight prices are composed of many different cost elements. However, fuel costs and currency

fluctuations in particular are vitally important factors in shaping freight rates and carriers will revise prices quickly in response to changes in fuel prices and currency values. It is absolutely imperative that shippers understand the need to confirm prices at the time of shipment, especially if freight price quotations were originally obtained weeks or months previously, as shipping costs change frequently in response to the above.

Security and other controls have become important factors in the international movement of goods and strict procedures are in place at ports and airports both for exported and imported goods. Shippers must be aware of these procedures and the requirements that they must meet, if delays and additional costs are to be avoided.

It is the responsibility of the exporter and the importer to work together to establish what requirements are to be met both prior to shipment and after arrival of the goods in the destination country. Failure to do so can not only be extremely expensive but can expose the shipper and importer to fines or other penalties.

Documentary requirements will vary depending on the method of shipment used and the country of destination and exporters would be advised to familiarize themselves with: such as commercial invoices, packing lists and certificates of origin and documents used and issued by carriers, such as bills of lading, air waybills and CMR notes.

Shippers should investigate documents required at destination, for example for Customs clearance. The importer of the goods will usually be aware what documents will be required on arrival at destination, but information can also be obtained from shipping agents,

UKTI, through Croner's Export Guide or Embassies. Exporters should also be aware of the importance of the documents issued by carriers as, in addition to providing proof of shipment, these may convey title to the goods and may have an impact on security of payment. In particular, the uses of Bills of Lading need to be understood.

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## International Business Opportunities



### Austria

#### Supply of cars

[www.ukti.gov.uk/pt\\_pt/uktihome/busine\\_ssoportunity/125623.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/busine_ssoportunity/125623.html?null)

An Austrian governmental organisation is tendering for the supply of 300 medium sized cars over the next 36 month. Total value is estimated to be Euro 5 600 000.

Please note that tender documents will be only available in German. Tender number is BBG GZ 2801.01460

### Austria

#### Supply of tyres required for governmental organisation

[www.ukti.gov.uk/pt\\_pt/uktihome/busine\\_ssoportunity/125996.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/busine_ssoportunity/125996.html?null)

Tender for supply of 4000 tyres for a governmental organisation between May 2011 and April 2012. The tyres requested have to be from 13 different brands, will be 11 different types and includes lorries, cars and light lorries.

Please note that tender documents are only available in German. The tender number is MA/48/V4-2085/2011.

Tender deadline: 07/04/2011

### China

#### Automotive parts manufacturer required

[www.ukti.gov.uk/pt\\_pt/uktihome/busine\\_ssoportunity/126039.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/busine_ssoportunity/126039.html?null)

A Chinese company is looking for potential partners who manufacture auto parts. They have the world's largest aluminium wheel manufacturing plant and are looking for potential UK partners who produce and supply automotive technology & parts to broaden their product lines.

### China

#### Turbine technology required

[www.ukti.gov.uk/pt\\_pt/uktihome/busine\\_ssoportunity/125443.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/busine_ssoportunity/125443.html?null)

A leading Chinese fan manufacturer is seeking provision of turbine technology from the UK, particularly automobile turbo chargers.

### Czech Republic

#### Innovation competition

[www.ukti.gov.uk/pt\\_pt/uktihome/busine\\_ssoportunity/126936.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/busine_ssoportunity/126936.html?null)

The city of Brno in the south-east part of the Czech Republic opens its research capabilities to all European companies. The first Europe-wide innovation vouchers are available until 28 April 2011. Subsidies worth up to 6.000 EUR will cover 75 % of the overall costs of the pursued projects.

The city of Brno will distribute almost 300.000 EUR in total. Companies can submit their applications online at [www.innovationvouchers.cz](http://www.innovationvouchers.cz) until 28th April 2011. The final selection of voucher recipients will be decided in a lottery on 16th May 2011.

### **France**

French group specialised in design, engineering of rotational moulding, technical parts for cars, trucks, in the fields of defence, energy, medical, heavy duty vehicles, leisure, boats, road safety, material handling is looking for commercial, technical, production, subcontracting (international cooperation). It is open to reciprocal production.

Ref: 20090724034

### **Indonesia**

#### **Spare parts for Scorpion 90 type FT 101**

[www.ukti.gov.uk/pt\\_pt/uktihome/businessopportunity/126202.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/businessopportunity/126202.html?null)

Local Indonesian company dealing in supplying spare parts for Government and Defence is seeking spare parts for Scorpion 90 Type FT 101 A full list of spare parts required can be found by following the link above.

### **The Netherlands**

#### **Tender for supplying 16 civilian armoured vehicles**

[www.ukti.gov.uk/pt\\_pt/uktihome/businessopportunity/127761.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/businessopportunity/127761.html?null)

The Defence Materiel Organisation (DMO) of the Dutch Ministry of Defence has submitted a tender for supplying 16 Civilian Armoured Vehicles (SUVs) that meet the class VR7 ballistic protection standard. The vehicles will be used for the secure transport of passengers with luggage to destinations outside the Netherlands with an increased safety risk. The vehicles will be driven by staff of the Ministry of Defence.

### **Norway**

#### **NATO - New bus for transportation of personnel**

[www.ukti.gov.uk/pt\\_pt/uktihome/businessopportunity/126194.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/businessopportunity/126194.html?null)

Notification of Intent (NOI) to issue an Invitation For International Bidding (IFIB) for procurement of one new bus for transportation of personnel.

Bid Closing Date: June 2011, planned IFIB reference number: ACO-IWC-11-32. More information about NATO procurement can be found in the NATO notices page

## Portugal

### Company looking for suppliers for railways, ports, airports and roads.

[www.ukti.gov.uk/pt\\_pt/uktihome/busine\\_ssopportunity/126014.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/busine_ssopportunity/126014.html?null)

Portuguese trading company is looking for UK suppliers of equipment, material and systems for:

- Railway/underground network and vehicles
- Ports and logistic platforms
- Airports
- Buses
- Rails UIC60, 180 meters bars for supply between August 2011 and September 2012
- CCTV for ports
- Fire-fighting vehicles for forests and airports

## Romania

A small Romanian company acting in mechanical cutting works produces gears and other transmission parts for automotive industry and is looking for subcontracting agreements.

Ref: 20100413003

## Russia

### Auto component manufacturer seeking partner

[www.ukti.gov.uk/pt\\_pt/uktihome/busine\\_ssopportunity/126262.html?null](http://www.ukti.gov.uk/pt_pt/uktihome/busine_ssopportunity/126262.html?null)

Russian company looking for a foreign partner to cooperate with design, development and production of various

components. Russian Automotive manufacturer, the producer of 4 component groups: ball joints, tie rod ends, links & control arms and the official supplier of 4 Russian OEMs is looking for a foreign partner to meet the localisation standards in Russia. Response deadline: 28/04/2011

## Serbia

A Serbian company specialized in production, sales and distribution of oils and special fluids for motor vehicles offers its know-how, franchise cooperation, trade intermediary and logistic support, as well as financial cooperation for potential partners coming from all of the targeted countries.

Ref: 20091124008

## Spain

A Spanish company specialised in the development and manufacture of engine components is looking for co-operation with foundry firms, machining firms or assembling firms working in the automotive sector or similar in order to increase competitiveness of products in cost, quality and time performances. It wishes to find collaboration and joint-venture to sell products developed and manufactured together.

Ref: 20100121036

For further information please contact Ruta Aisthorpe at SMMT.

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