

Research And Markets: China Auto Industry Review – The Brakes Are On, But Not For Long.

After an explosive couple of years, China's car market hit the buffers in 2004. Despite the slowdown in sales, there has been no let-up in the pace of investment in the market, with all the leading automakers jostling for position in the market. Carmakers are talking big numbers – altogether, foreign automakers are spending US\$13bn to triple annual capacity to 6m units by the end of the decade. But this has raised new fears that overcapacity, the bugbear of the auto industry in its developed markets, could hit China as well.

([PRWEB](#)) November 30, 2004 -- After an explosive couple of years, China's car market hit the buffers in 2004. Despite the slowdown in sales, there has been no let-up in the pace of investment in the market, with all the leading automakers jostling for position in the market. Carmakers are talking big numbers – altogether, foreign automakers are spending US\$13bn to triple annual capacity to 6m units by the end of the decade. But this has raised new fears that overcapacity, the bugbear of the auto industry in its developed markets, could hit China as well.

Research and Markets (<http://www.researchandmarkets.com/reports/c9986>) has announced the addition of China Auto Industry Review – The Brakes Are On, But Not For Long to their offering

Overcapacity would lead to a hotting-up of the price war that is already raging in China, analysts fear: "The price wars are set to rage for at least the next two to three years. Nobody is going to be immune," said Lin Wenjun, auto analyst at Capital International Holdings in Shanghai. Haitong Securities analyst Gu Qing said: "The market is becoming saturated. We are just not going to return to the heady days of growth." And JP Morgan analyst Frank Li added: "China's auto market will face increasing oversupply in the next two years." JP Morgan estimates oversupply in China to reach 11% this year and 23% in 2005.

The contents of this report are as follows:

Introduction

Clampdown on loans

Price wars raging

Materials supply shortages

Underlying long-term growth

Government Policy

Piracy continues to be a problem

The independent manufacturers

Export drive

Short-term slowdown aside, global vehicle manufacturers head new investments in capacity

General Motors

Volkswagen

Toyota

Honda

Hyundai



Ford
PSA Peugeot Citroen
BMW
DaimlerChrysler
Renault-Nissan
MG Rover
Tata

For more information visit <http://www.researchandmarkets.com/reports/c9986>

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