



Rijksdienst voor Ondernemend
Nederland

The Automotive Sector in Hubei Province

NBSO Wuhan

*>> Duurzaam, Agrarisch, Innovatief
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Colofon

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1. Introduction

Hubei is one of the main five automobile manufacturing bases in China. The province accommodates 36 automobile producers and 291 automotive part suppliers. As number one pillar industry in the province, the automotive sector contributes to around 10% of the province's total industrial output value. Hubei is also strong in the production of auto parts, especially bearings, engines, electric parts and axles.



Bron: Wikimedia Commons

2. Dongfeng Motor Group

The province is home to Dongfeng Motor Corporation, one of the top three Chinese auto manufacturers. Dongfeng is the largest commercial vehicle producer in China. The main production bases are located in Wuhan (sedans), Shiyan (heavy trucks) and Xiangyang (light trucks and sedans). Dongfeng is the largest contributor to the local automotive industry, almost 95% of the total amount of complete vehicles comes from this group.

Dongfeng has established a number of joint ventures with international players, including:

1. Nissan: This 50-50 joint venture is the first JV in China to manufacture a full line of vehicles.
2. Honda: Produces SUVs with a capacity of 240,000 vehicles per year.
3. PSA: Produces both Citroën and Peugeot brand sedans, with a capacity of 300,000 vehicles per year.

In addition, Dongfeng is also developing its own product line of passenger cars.

3. Market size

In 2014, the total production in Hubei's automotive sector was 1.745.000 vehicles, which is an increase of 9.4% compared to the year before. Hubei's output ranks 7th in China, with which Hubei accounts for 7.4% of the total Chinese output. Among them, sedans and SUVs witnessed an increase of 14.3% and 21.4% respectively, due to a strong market demand. The output of commercial vehicles however, went down by 26.3% and 7% due to a sluggish market, such as weak infrastructure investments.

The focus in import lies on sedan parts, such as auto body parts and gearboxes. Main importers are joint venture automobile manufacturers, mainly Dongfeng-PSA, Peugeot Citroen Co. and Dongfeng Honda. The auto parts are mainly imported from the European Union (mostly France) and Japan. With the localization of auto parts production, the import volume further decreased in 2014.

4. Recent developments

Currently, a number of new large complete vehicle projects are under construction in Hubei, among them are:

1. GM Shanghai project: Phase II project, with a total annual capacity of 480.000 vehicles after completion.
2. Renault project: A new factory in Wuhan, with an annual capacity of 450.000 vehicles, the main building has been completed.
3. Dongfeng-Honda project: The 3rd factory in Wuhan, with an annual capacity of 240.000 vehicles.

After completion of these projects, Wuhan will become the first city in China to have 8 passenger car factories.

4.1 New Energy vehicles

Hubei is strong in R&D and the production of electric vehicles (EV). Wuhan and Xiangyang have been listed as two major cities in China for new energy vehicle production and demonstrative operation. A series of preferential measures from the local government have been launched to promote EV development, including government policy, financial subsidy and tax rebate.

Wuhan now holds the leading position in China in the field of EV research and development, mass production and demonstrative operation, owing to strong technical support from local R&D institutes. Wuhan University of Technology (<http://whjut.com.cn/>) is one of the best universities in China in the fields of research, development and industrialization of fuel cell, hybrid and battery EV.

4.2 EV charging facilities



Bron: Green Building

Wuhan has the ambitious plan to build a network of EV charging infrastructure. It is expected that there will be 10.500 EV in operation by the end of 2015, including over 7.000 private cars. According to the government plan, at least 11.000 charging piles will be build. Technically, decentralized charging piles are prioritized over centralized battery swapping stations, due to safety considerations.

In the past, the construction of charging facilities was monopolized on a local level by State Grid, in order to ensure a safe operation of the electricity grid. The latest development is that more and more private investment is becoming active in this field, and the construction costs are becoming much lower.

5. Key players

5.1 Development Zones

A large majority of automotive and auto parts enterprises in Hubei are located in two state-level development zones:

1. Wuhan Economic Development Zone
www.whed.com.cn
2. Xiangyang Hi-Tech Development Zone
www.xfhdz.org.cn/

5.2 Main Vehicle producers in Hubei

1. Trucks: Dongfeng Commercial Vehicle Co.
<http://www.dfcs.com.cn>
2. Light commercial vehicles: Dongfeng Motor Co. Ltd.
www.dfmc.com.cn
3. Passenger vehicles: Dongfeng-Nissan Passenger Vehicle Co.
www.dongfeng-nissan.com.cn
4. Sedans: Dongfeng- PSA Peugeot Citroen Co.
www.dpca.com.cn
6. SUVs: Dongfeng-Honda
www.dhac.com.cn

6.1 Component producers in Hubei:

1. Engine: Dongfeng Commins Engine, the biggest diesel engine production base in China
www.dced.com.cn
2. Auto Air conditioners: Valeo Auto Air Conditioning Hubei Co.
3. Auto lighting: Philips Auto Lighting Hubei (Philips' only auto lighting factory in China) and Valeo Auto Lighting Hubei
4. Axles: Dongfeng Dana Axle, the biggest axle factory in Asia
www.df-dana.com
5. Tooling: Dongfeng Machine Tool Plant, Dongfeng Die & Mould Plant, Xianfeng Mould
<http://www.dfntp.com.cn>, <http://www.df-dmc.com>, www.cdmia.com.cn
6. Bearings: XiangYang Co., the biggest automobile bearing company in China
www.zxy.com.cn

6.2 Main car exhibition in Hubei

The 2015 Wuhan International Auto Expo is the most professional automobile exhibition in Central China, supported by China Machinery Industry Federation, CCPIT and local governments.

Venue: Wuhan International Expo Center

Date: 29 Sept - 4 Oct, 2015

www.wh-motorshow.com

7. Trends and Opportunities

The competitive market has forced local car manufacturers to focus more on specialized fields, such as energy efficient cars and EV, car safety, use of lightweight materials, car navigation and the after-sales market.

With the deregulation of parallel trade of imported cars, it is expected that more deluxe cars will be imported to China. The demand for the import of key components and hi-tech materials will remain high, in spite of the increasing local production of auto parts.

While enormous investments are pouring in the construction of EV charging facilities, there will be a strong demand in quick charging solutions and charging system management.

8. More information

Dutch companies make a large part of their earnings overseas. The Dutch Ministry of Foreign Affairs therefore actively promotes the interests of Dutch businesses abroad. This is done through an extensive network of embassies, consulates and Netherlands Business Support Offices (NBSOs).

In Hubei, The Netherlands is represented by a Netherlands Business Support Office in the provincial capital Wuhan. If you would like to learn more about opportunities for Dutch companies in this sector in Wuhan and Hubei, please contact the NBSO directly:

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