

Boom in new cars drives forward China's electronics industry

China is expected to produce over a million automobiles in 2004, according to business intelligence consultancy Fusion Consulting. One beneficiary of these increases will be the electronics industry, as product quality rises in response to WTO accession, resulting in the introduction of more advanced safety features such as anti-lock braking systems and airbags. Long term market potential and the potential spin-off demand for automotive electronics is huge, but motorisation rates will remain under 10 cars per 1,000 people up to 2008.

Hong Kong ([PRWEB](#)) June 28, 2003 -- China is expected to produce over a million automobiles in 2004, almost 2% of the world total, according to business intelligence consultancy Fusion Consulting. The company's China-based Industrial and Logistics practice analysts expect this figure to rise to 1.7 million by 2008, generating revenues of over US\$20 billion, up from US\$14 billion in 2004.

One beneficiary of these increases will be the electronics industry, says Fusion Consulting. The company expects a rise in capacity investment, production levels and general product quality as a result of WTO accession, resulting in the introduction of more advanced safety features such as anti-lock braking systems and airbags on higher-end models.

Autoliv, the world's leading airbag maker has already established production facilities in China, in anticipation of this need.

Computer automated manufacturing, and later, computer automated design, will be implemented in China, and convenience features such as in-car-entertainment, cruise control, heated seats, global positioning and eventually telematics will become more common, generating demand for high tech inputs like chips, circuit boards and components. Luxury cars currently produced in Europe and the US can contain 17 or more chips.

Aside from China's 15 major car manufacturers, most of which are joint-ventures with foreign players such as Volkswagen, Peugeot, Nissan, Toyota and Ford, other beneficiaries of this boom in motorisation - and indeed the driving force behind it - will be those individuals fortunate or smart enough to earn over US\$5,000 a year. This figure is seen as the inflexion point where buying a car becomes a practical possibility. So far, that bracket includes less than 5% of the population.

In the long term the market potential and anticipated spin-off demand for automotive electronics are huge, but motorisation rates will remain under 10 cars per 1,000 people up to 2008. Output could eventually reach 10 million units a year in the coming decades.

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About Fusion Consulting

Fusion Consulting is a business intelligence consultancy providing clear strategic advice on Asia-Pacific markets. With offices in Singapore and Hong Kong and a network of 200 consultants in 14 countries, the company conducts custom research and consulting to help companies understand their markets, compete more effectively and grow into new areas of opportunity.



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