

# Part suppliers target growth in e-mobility

China's fast-growing new energy vehicle sector lures global makers keen to develop powertrain systems with competent domestic manufacturers

By LI FUSHENG

International automotive part suppliers are seeking opportunities to tap into China's fast-growing new energy vehicle market that is currently dominated by local companies.

In the segment of passenger cars, for example, a total of 454,300 electric motors were sold in the first 11 months of last year, of which 92 percent were from Chinese companies, according to industry website OFweek.

The new energy vehicle market, which is expected to see sales of at least 1 million cars this year, is attracting international brands to partner with local automotive part suppliers.

Canada-based Magna International is building a 2 billion yuan (\$316 million) joint venture with Huayu Automotive Systems Co (HASCO), a

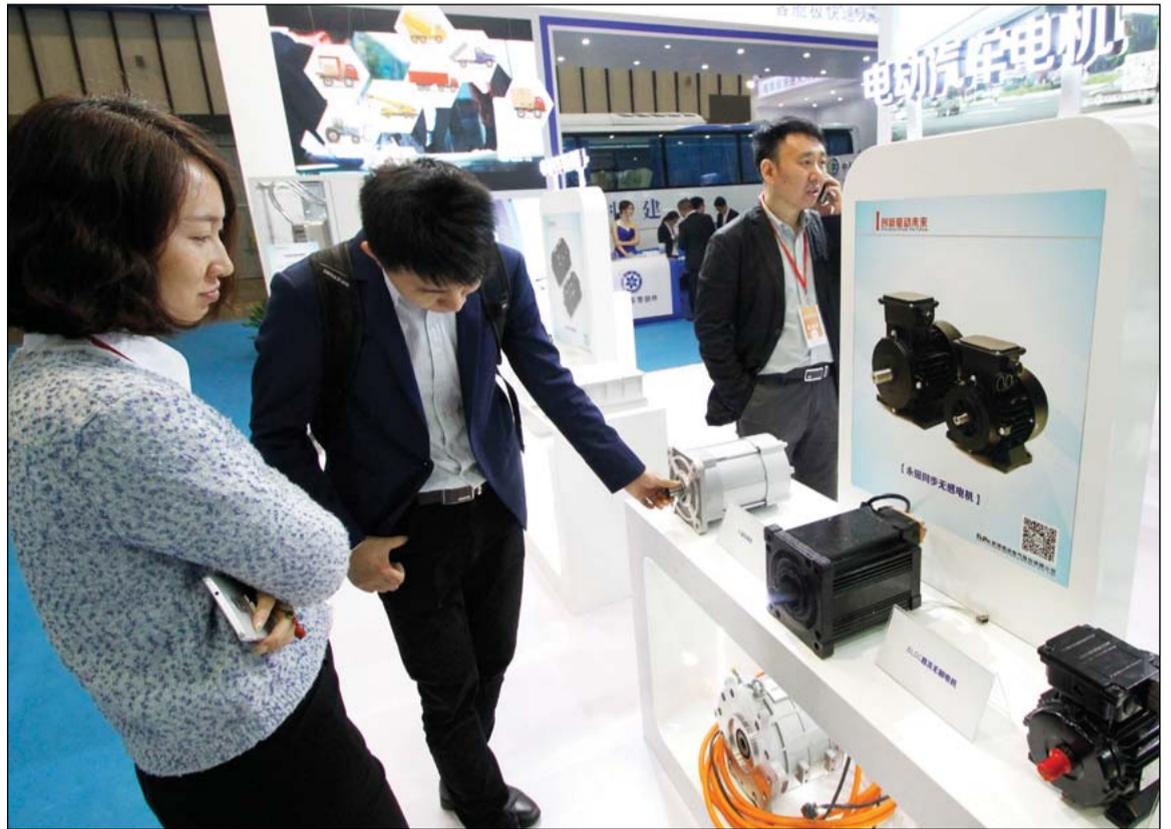
subsidiary of SAIC Motor, according to a deal the two signed in October 2017.

"China is the No 1 growth market in the world, and they have been clear about their intended leadership in bringing hybrid and electric vehicles to market," said Don Walker, Magna CEO.

Initially, the joint venture will produce electric powertrains for Volkswagen's two Chinese joint ventures — SAIC Volkswagen and FAW-Volkswagen — with production expected to start in 2020.

It will also develop localized core competencies in terms of research and development, marketing and advanced manufacturing of parts such as e-motors, which are key to advanced powertrain technologies.

"The establishment of the joint venture, a strong combination of HASCO and Magna's strength to initiate cooperation in electrified



Visitors examine electric motors used in e-vehicles at an expo in Nanjing, capital of East China's Jiangsu province. DONG QUANLIN / FOR CHINA DAILY

"China is the largest and most dynamic market for electromobility"

MICHAEL HANKEL  
ZF production director

powertrain systems, has been a milestone for HASCO to develop its core competencies in the field of key new energy-related components," said Chen Zhixin, vice-chairman of HASCO.

Their partnership came on the heels of the decision by ZF Friedrichshafen, a German car parts maker, to deepen cooperation with Beijing Hainachuan Automotive Parts Co, a subsidiary of Beijing Automotive Group Co.

The two, which have been working on chassis, driving systems and new energy products, have decided to build a joint venture to produce

electric powertrain systems for BAIC BJEV, a BAIC Group new energy car arm, and other carmakers in the country.

"China is the largest and most dynamic market for electromobility and is playing a key role in the rapid spread of this promising drive technology," ZF production director Michael Hankel said in a statement.

China has a goal to sell 2 million new energy cars a year by 2020 and expects such cars to account for 20 percent of total new car sales by 2025, according to an industry guideline released last year.

## Tech firms, carmakers drive change

Cross-industry innovation becomes a prominent feature in the mobility sector

By LI FUSHENG

Carmakers are teaming up with technology companies to prepare for a future dominated by technologies like electrification, connectivity and autonomous driving.

"The automobile industry is clearly amid its most dramatic period of change," said Akio Toyoda, president of Toyota Motor Corp, in a speech on Jan 9 at the Consumer Electronics Show in Las Vegas.

"Our competitors no longer just make cars. Companies like Google, Apple, and even Facebook are what I think about at night because after all, we didn't start out by making cars either," he said.

At the event, the Japanese carmaker that started its business by making weaving looms adopted the "beat them or join them" strategy by

announcing an alliance that includes members like Mazda, Amazon and China's ride-hailing giant Didi Chuxing.

They will collaborate on the e-Palette, an automated, electric, flexible vehicle concept by Toyota, which can be tailored to various needs and lifestyles, according to the carmaker.

Also at the Consumer Electronics Show, Intel CEO Brian Krzanich disclosed partnerships with SAIC Motor, saying the Chinese carmaker will develop Level 3, 4 and 5 cars in the country based on Intel's Mobileye technology.

These were two of the latest examples of cross-industry cooperation that is becoming a prominent feature in the mobility sector.

A week earlier, a Honda Motor representative said the company is joining hands with Alibaba to devel-

520 million

Alipay's users by the end of 2017

op a smart system that will allow drivers to make reservations using maps and pay via Alipay, Alibaba's payment tool.

Alipay had some 520 million users by the end of 2017, and 82 percent of them used the platform at least once in the year, according to the mobile payment giant's annual report.

In December 2017, Honda announced a five-year joint research and development plan with China-based artificial intelligence startup SenseTime Group to explore autonomous driving.

In the same month, BMW and Alibaba announced they would develop

a range of "digitalized experiences for the car and home" for all new BMW models sold in China from the first half of 2018.

Their partnership came days after Ford Motor Co signed a deal with Alibaba to explore opportunities in Internet-connected cars, artificial intelligence, mobile services and digital marketing.

"The tech world has many innovations to offer us, so it (the future of mobility) will be a marriage of technology companies and automakers," Ford's executive chairman Bill Ford said before the deal was signed.

Tech giants are not limiting their partnerships to traditional carmakers.

Alibaba has acquired a stake of around 10 percent in Xiaopeng Motors, an electric car startup that has just showcased in the United

States its latest-generation model for mass production.

Tencent and Baidu have each invested billions of dollars in artificial intelligence, driving research and electric car startups including Nio and Weltmeister.

Baidu's Apollo program, an autonomous driving platform unveiled in 2017, has attracted more than 70 Chinese and international companies, including Ford and Daimler, the parent company of Mercedes-Benz.

"Carmakers and IT companies are pushing back the frontiers of their business, moving in the direction to become comprehensive service providers," China Business News quoted independent analyst Zhang Zhiyong as saying.

"So they are trying to permeate into each other and vie for a larger say in building the mobility system."