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VW and GM are planning ultra-cheap cars for emerging markets

VW uses the Polo platform – GM: Car for China, India or eastern Europe

Beijing/Wolfsburg. Volkswagen and General Motors are considering producing ultra-cheap three-box cars that could be sold in emerging markets. Company and industry sources told *Automotive News Europe* (ANE), that VW is finalizing plans to produce a low-cost car based on the next-generation Polo. The vehicle, code-named EM (emerging markets), would sell for about EUR 6,500. Volkswagen will use technology and components from its Czech subsidiary, Skoda, to produce a vehicle for China, Russia, India, South Africa and eastern Europe. The vehicle is expected to be on the market by 2009 and could include three-, four- and five-door variants.

GM is considering a proposal to produce a low-cost lower-medium car that could be sold worldwide for less than EUR 8,000. Nick Reilly, GM's president of Asia-Pacific, told ANE, such a vehicle could prove popular in developing markets such as China, India or eastern Europe.

VW and Opel plan to make new crossovers

New VW model will be built in Mosel and fight against Mercedes R class

Wolfsburg/Ruesselsheim. Volkswagen and Opel are developing crossover vehicles to attract customers who want something between a minivan and a sedan. VW will launch its crossover in 2008 or 2009 and position it against the Mercedes-Benz R class, supplier and company sources told *Automotive News Europe* (ANE). The vehicle, internally called the C-tour, will be built at VW's factory in Mosel, Germany, said a supplier source familiar with VW's plans.

Opel is developing a car similar to VW's as a top-of-the-line model that could be launched by 2009. Sources say it is likely to be a crossover or "multi-activity vehicle" that will combine characteristics of a minivan, SUV and station wagon. It is expected to debut on either GM's Epsilon 2 architecture or share the Lambda architecture with GM's Saturn brand in the US, company sources said. "The alignment of Saturn and Opel is opening up totally new possibilities for us in the niche segments," GM Europe President Carl-Peter Forster said in an interview with ANE. "A new large Opel can also share a platform with Saturn."

Peugeot will double sales in China this year

But brand boss Saint-Geours says carmaker has no cars that “fit India’s needs”

Paris. French automaker Peugeot will double his sales in China this year. Peugeot Managing Director Frederic Saint-Geours said in an interview with *Automotive News Europe* (ANE): “In China, where we started selling locally built cars in autumn 2004, we expect to sell more than 80,000 cars this year – 206s and three-box 307s.” Last year Peugeot sold about 41,000 cars in China. Saint-Geours also said that the Peugeot’s joint venture with China’s Dongfeng Motor will be profitable. “DPCA will make money this year, as it did in 2005.”

While rival Renault just signed a memorandum of understanding with Mahindra to build a new assembly plant in India, Saint-Geours says Peugeot has no immediate plans to enter the market. “For the time being, India is not a large market. It is actually smaller than Russia,” Saint-Geours said. “We don’t have vehicles that fit India’s needs for very small, cheap cars.”

GM closes deal to build Aveos in Poland

Geneva. General Motors has reached an agreement to build its Chevrolet Aveon small car in Poland, company sources told *Automotive News Europe* (ANE). GM will begin producing Aveos in the fourth quarter next year at the FSO assembly plant owned by Ukrainian automaker UkrAVTO. The plant has capacity to build 300,000 units a year. The agreement will alleviate capacity constraints GM faces in Korea, a source said. A GM spokesman declined comment. GM's Korean subsidiary GM Daewoo Auto & Technology Co. builds the Aveo at the Bupyong assembly plant. Sources say GM initially would build about 25,000 units a year of the Aveo and that number could rise significantly in a short time. Sources say the deal will not threaten production at GM's factories in western Europe.

Fiat wants to sell budget car in Germany and Spain

Brand Director De Meo: “High interest for lower-medium car”

Turin. Italian automaker Fiat may sell its low-cost Fiat Linea in western Europe. The car, which is built in Turkey and aimed at emerging markets, could be sold in Germany and Spain. “Spain, Portugal and the former eastern German states are still very interested in lower-medium sedans, so we are considering whether to introduce the Linea there,” Fiat Brand Director Luca De Meo told *Automotive News Europe* (ANE). The first market to get the Linea will be Turkey, where sales start in May at a base price of EUR 15,000. Turk Otomobil Fabrikasi (Tofas), a joint venture between Fiat Auto and Koc Holding, will build 60,000 Lineas a year for the local market and for export to central and eastern Europe. Western Europe would get Lineas built in Turkey. With new production to be added in Russia, Brazil, India and China, Fiat will build more than 200,000 Lineas annually by the end of the decade. The four-door Linea is based on the same architecture as the Fiat Grande Punto. The Linea is bigger and more upscale than Fiat's current low-cost sedan for developing countries, which is badged the Siena, Albea or Perla in different markets.

EU wants to force automakers to give data to repairers

European Parliament will decide on news rules this year

Brussels. The European Commission is planning radical measures to force car manufacturers to make technical data available to independent repair shops. The EU says that if the repairers don't get what they need, new car models won't get type approval. Type approval grants carmakers the right to sell cars across EU member states.

The technical-data requirement will be included in new Euro 5 rules that are primarily aimed at reducing cars' exhaust emissions. The European Parliament is scheduled to discuss the proposal this year. "There is a need to bring to life existing obligations for access to technical information," said Reinhard Schulte-Braucks, head of the automotive industry unit at the EU's enterprise and industry directorate-general. Jacopo Moccia, a spokesman for CECRA, the European trade association for independent repairers, said manufacturers will have to prove that technical information is available.

Several carmakers, including Toyota, Fiat, General Motors and DaimlerChrysler, are being investigated by the EU for allegedly breaching rules on technical-information access. Carmakers say the EU's approach is wrong. "Technical information has nothing to do with type approval," Ivan Hodac, secretary general of ACEA, the European carmakers association, told ANE. Added Peugeot Managing Director Frederic Saint-Geours: "It's a little surprising to see technical information and pollution norms lumped together."

VW: New Polo with more variants

Wolfsburg. Volkswagen will add more Polo variants when the fifth-generation of the small-segment car arrives between 2008 and 2009. According to industry and company sources, there will be three new versions of the next Polo: a three-door, coupe-style vehicle, a high roof, five-door version based on the Roomster, which is sold by Czech sister brand Skoda, and a five-seat minivan called the Polo MPV to fight the Opel/Vauxhall Meriva. Currently, VW offers the Polo as a three- or five-door hatchback, and in some markets as a four-door sedan. VW executives believe the Polo needs more variants to make the car more attractive in the growing small-car segment and to position it against stronger competitors such as the new Renault Clio, Peugeot 207 and Opel/Vauxhall Corsa.

Landwind SUV: 3,000 units in the first year in Europe

Brussels. Belgium-based distributor Landwind Europe wants the "revised" version of Jiangling Holding's SUV to capture 1 percent of the segment after its restarts sales of the Chinese model next year, Paul Williams, managing director of Landwind Europe, told *Automotive News Europe* (ANE). Landwind's first attempt to sell the the Landwind SUV, which is now called the X-Pedition, in Europe stalled last year when the vehicle suffered what German auto club ADAC called a "catastrophic failure" in a crash test. Initially, Landwind will offer the SUV only with gasoline engines. When asked for a sales target Williams said: "For the revised SUV, we see 1 percent of the total 300,000 SUV market as a realistic goal, or about 3,000 units." Diesel versions will arrive in early 2008, Williams said. VM Motori of Italy will supply the engines.