Automotive Parts

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Executive Summary

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This export thrust changed in Q4 2008 when new-automobile sales started to falter due to the global economic crisis.

In contrast, the aftermarket continued to thrive as consumers turned to maintaining their existing vehicles rather than purchasing new cars.

The shift in market focus helped the industry stay on the growth track last year. Sales jumped 14 percent and exceeded $20.6 billion while volume went up 3 percent to 8 billion automotive lights, wheels and tires, electronic components and engine and mechanical parts.

Nearly half of revenue came from exports of car, bus and truck tires, and wheels and parts.

Amid the emphasis on the aftermarket, many companies are undertaking improvement efforts commonly associated with OE-based operations. These include investing in advanced manufacturing equipment, management systems, skilled personnel and compliance with stringent industry standards.

The following are some of the key trends we see in China's automotive parts export industry:

- The downward trend in prices will continue in the next six months even though material costs have again started to climb. This is thanks largely to the stabilizing yuan-dollar exchange rate, which has enabled suppliers to address cost concerns more effectively. Price cuts will be limited mostly to 5 percent. Some companies, however, are more optimistic with projections and are planning to slash quotes by as much as 15 percent.

- Many companies have set moderate growth targets ranging from 10 to 20 percent, matching the 23 percent average rate the industry has posted annually since 2007.

- The EU will remain an important

market in the year ahead. Legislation there provides 4S centers with the option of procuring spare parts and components from non-OEM suppliers. Many China makers, however, will be strengthening their presence in nontraditional destinations such as Central and South America and the Middle East as demand from the US continues to slow.

This report covers automotive lights, brakes, tires, electronic components, and engine and mechanical parts. They are described separately in terms of construction, key features and specifications. Factors distinguishing low-end, midrange and high-end products are also discussed.

Further, the report elaborates on each segment’s manufacturing base, highlighting the main characteristics and exporting capability of small, midsize and large makers.

The Industry Overview focuses on major issues affecting production and exports and how companies are coping with these challenges.

To reflect the industry structure, most of the suppliers in this report are China-owned with direct exporting capability.

In addition, 45 percent of profiled companies are located in Guangdong, Jiangsu and Shandong provinces, China’s three-largest exporters of automotive parts.

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