



Clean Transportation Program

Brief, April 14th

2014 China Passenger Cars Corporate Average Fuel Consumption brief

On March 31, the Ministry of Industry and Information Technology (MIIT) posted China's 2014 annual corporate average fuel consumption (CAFC) of passenger car manufacturers on their official website¹, as reported by the companies themselves. The announcement included scores reported by 91 domestic car makers and 31 car importers, and 5 companies was criticized for not reporting their CAFC score on time. According to the regulation of "Passenger car corporate average fuel consumption management strengthening" announced last October², companies that failed to meet the annual average fuel consumption requirement will be announced through the official online posting, and meanwhile, will also face other non-financial punishments, including suspension of new vehicle manufacturing or the tightening of manufacturing approval procedures. Currently, the fuel consumption management system does not use fines; however, policy-makers are actively promoting the incorporation of CAFC credits and trading mechanism as compliance forcing measurements.

The Innovation Center for Energy and Transportation (iCET) analyzed the scores announced by MIIT in order to keep track of market development. Domestic companies achieved an average passenger car corporate fuel consumption of 7.11L/100km, a decrease of 0.11L/100km or 1.5% from last year's reported average. Importing companies achieved an average passenger car corporate fuel consumption of 8.77L/100km, down 0.28L/100k from last year, which is a sharp decrease of 3.1%. The gap between actual annual average and target annual average of domestic and importing companies was smaller than last year, 96.1% and 95.2% respectively, and much lower than the standards requirement of 103%. The analysis reaffirms iCET's previous prediction that the 6.9L/100km target for 2015 is achievable.

Phase IV of China's fuel consumption standard issued last December by the National Standards Commission is projected to be formally implemented as of 2016 and is targeting 5.0L/100km by 2020. In order to meet the target, a further decline of 42% is required. Although the target seems challenging, energy-saving technologies and new energy vehicles can decrease corporate annual average through the flexibility mechanism. Corporate strategic structuring towards the development of commercial energy saving and new energy vehicle solutions, local government support for private charging installation processes, and proactive development of public infrastructure are all needed. The standard's management system going forward is key to ensuring compliance, and placing the market on the path for more energy-saving and new energy fleet.

¹ <http://zbs.miit.gov.cn/n11293472/n11295142/n11299183/16525979.html>

² <http://www.miit.gov.cn/n11293472/n11293877/n16325971/n16328538/n16328702/16330422.html>

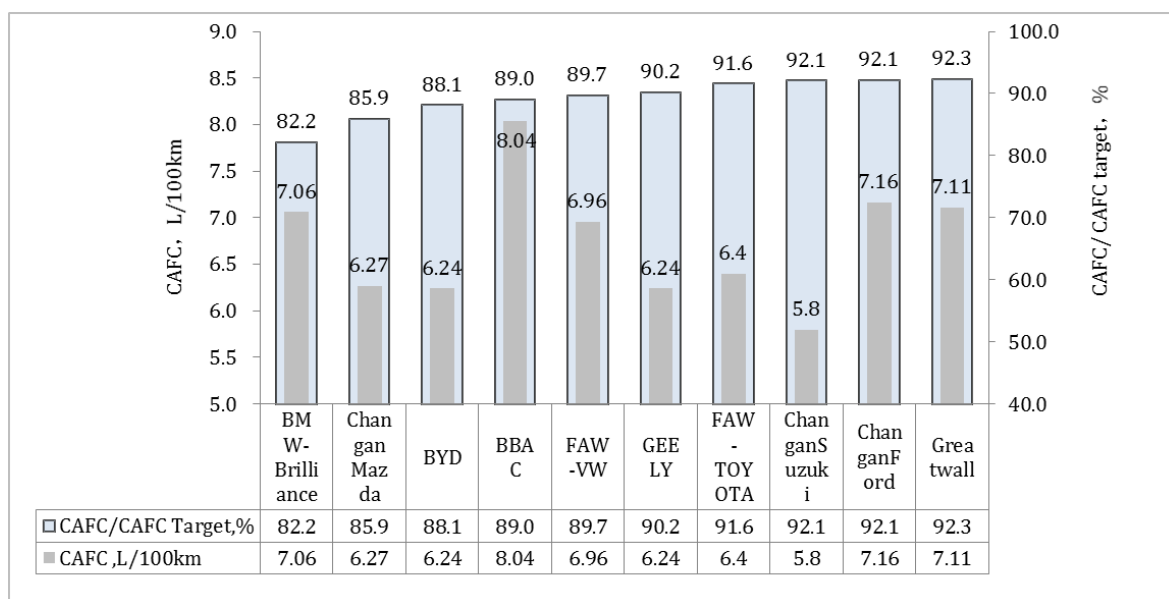
China's 2014 Average Corporate Fuel Consumption by Corporate Type

	CAFC Actual (L/100km)	CAFC Target (L/100km)	Actual vs. Target (Ratio, %) ³
Average	7.22	7.51	96.1%
Domestic*	7.11	7.40	96.1%
Importing	8.77	9.21	95.2%

* Domestic manufacturers are comprised of independent manufacturers and joint ventures (JVs).

63 of 89 domestic companies met their CAFC standards requirement (equal with 103% of CAFC target) in 2014 and 70.8% companies achieved compliance. The manufacturers with production of over 100,000 cars are shown in Figure 1. The three best performing companies among the domestic segment are BMW Brilliance, Changan Mazda, and BYD, all which achieved an average fuel consumption that is over 10% lower than the target value. Most corporations that failed to meet the standard's target are small manufacturers, which face a challenging technology improvement requirement or will be punished.

Domestic manufacturers' CAFC vs. target for 2014

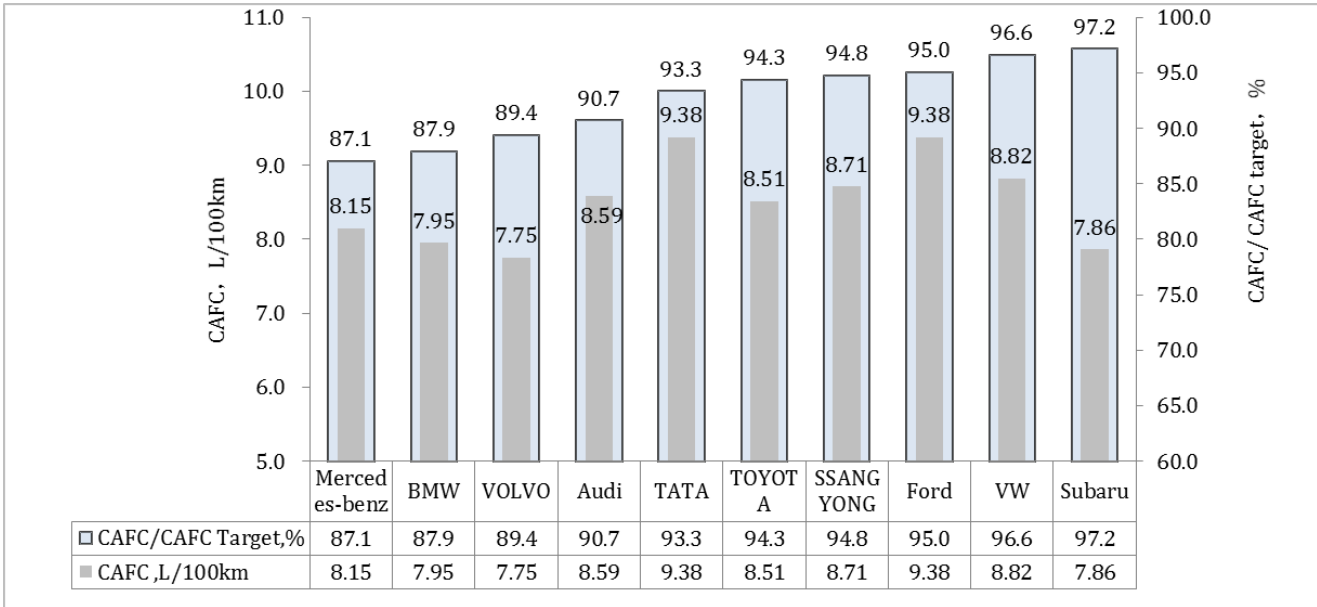


Among the 29 importing companies, 16 met their annual target, which represent 59.3% of the importing segment in 2014, compared to 52% in 2013. The three best performing CAFC importers are Mercedes-Benz, BMW, and Volvo, The worst performing importers are Astor Martin, Faraday, and McLaren.; fortunately, their total sales are less than 1000. Porsche and Renault have finally complied with their target this year, while SAIC, Dongfeng Motor, Suzuki and other importing companies all maintained their non-compliance status in 2014.

³ 2014 年达标要求为 CAFC 实际值与目标值比值低于 103%。



Domestic manufacturers' CAFC vs. target for 2014



iCET's CAFE briefings and annual reports are available online: www.icet.org.cn .