

Volvo vehicles to be made in China

By Li Fangfang (November 21, 2011 8:34 PM)

Two models under development at carmaker's new facility in Shanghai

GUANGZHOU - The Swedish premium vehicle brand Volvo AB, purchased by Chinese automaker Zhejiang Geely Holding Group Co Ltd last year, will make China one of its global bases as it prepares for local production of the first model in the country in 2013.

"The first locally produced model, a medium-sized sedan, will be launched in 2013, followed by a small sedan in 2014," said Shen Hui, senior vice-president of Volvo and chairman of Volvo Cars China Operations.

The two models, tailored to grab volume sales in China, are under development, led by Volvo's new research and development center in Jiading district, Shanghai.

According to Shen, the new cars will be launched in China and then exported.

Shen also said that "the launch speed of locally produced models will accelerate in the future".

He added: "Local production is crucial for Volvo to become well-established in China our home country outside Sweden. We see huge potential in China's second- and third-tier cities."

However, Shen declined to disclose the production site, as Volvo is waiting for government approval to build two plants, one in Chengdu, Sichuan province, and one in Daqing, Heilongjiang province.

He said that the company will have "no problem" this year achieving its sales target of 50,000 cars, compared with 30,000 last year.

"We see 15 to 20 percent growth in China's luxury car segment in 2012," said Shen.

Stefan Jacoby, Volvo Cars' chief executive officer, said in February that the revived company plans to invest up to \$11 billion globally in new product development and facilities over a five-year period, with a relatively large portion going into China.

Shen also said that Volvo might develop a second generation of its pure-electric C30 compact car, seeing the promising future of electric vehicles in the world's biggest automobile market.

"Mass production of electric C30 cars in China is also our plan. However, the timetable depends on the Chinese government's support policies and infrastructure construction for electric vehicles," said Shen.

"We hope that we can help establish a parts supply system for electric vehicles in China, together with our rivals."

China has been the frontline for alternative-fuel vehicles, especially electric cars, as the government works to support the sector.

The German automaker Volkswagen AG said that it plans local production of electric vehicles in China starting in 2014, though it hasn't disclosed further details.

On Monday, Daimler AG said that its 50-50 joint venture with Warren Buffett-backed BYD Co Ltd, Shenzhen BYD Daimler New Technology Co Ltd, will show a design concept electric vehicle at the Beijing auto show next April, showcasing the venture's achievements since it was established last year.