

Limits revised to promote green autos

New measures set aside licenses for green vehicles

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Last week, the Guangzhou city government added new measures encouraging eco-friendly vehicles to regulations released a month ago that limit the number of auto license plates granted each year.

The latest policy said that 10 percent of the yearly quota of 120,000 license plates — that is 12,000 a year or 1,000 every month — will be allocated to alternative energy vehicles, including all-electric autos, plug-in hybrids and hybrid vehicles that can save more than 20 percent fuel consumption compared to cars with conventional engines.

Consumers have to join a lottery to win a license plate to own such vehicles and will also be eligible to get 10,000 yuan in subsidies from the government.

Analysts are calling it good news for automakers of hybrid vehicles, which have been far less popular in China than in the United States.

Winners of the lottery will prefer the hybrid vehicles as a more practical choice compared to electric vehicles. All-electric cars cost more and require charging facilities, which are still relatively scarce, they said.

Toyota Motor Corp is supposed to be a main beneficiary in this regard. Its local joint venture in Guangzhou makes the hybrid Camry.

Honda Motor Co, which also has a joint venture plant in Guangzhou, previously said it plans to locally produce hybrid cars in China in 2013 at the soonest.

In addition, half of the quota will be allocated to conventional internal combustion engine automobiles through a lottery.

But the new clause says that the winners — including individuals and organizations — are only allowed to buy cars with engine displacement below 2.5 liters and buses.

The additional requirement about engine displacement is for the purpose of saving energy and reducing emissions, according to the local government.

And the remaining 40 percent are reserved for public auction, where buyers can choose vehicles with any size of engine without restriction.

Effective from this July to June next year, the test policy has made Guangzhou the fourth city on the Chinese mainland to limit car purchases, following in the footsteps of Shanghai, Beijing and Guiyang, the capital of Guizhou province in the southwest.

Analysts said that it could be a trend that more cities in China will take similar measures because traffic congestion and air pollution are increasingly affecting people's lives in the urban areas.

But for automakers, it means fiercer competition, and the challenge is especially affecting domestic brands, analysts say.

Guangzhou's new car sales are expected to decline significantly under the new policy, analysts said. Last year, the city registered 330,000 new vehicles, nearly three times the quota under the new regulations.

'A painful decision'

"It is a painful decision by a responsible government,"

Guangzhou Mayor Chen Jianhua told local newspaper Guangzhou Daily.

The number of Guangzhou's vehicles has been surging in the past few years at an average annual growth rate of 10 to 20 percent, and it is currently more than 2 million now. At the same time, the amount of roads in the city has increased by less than 2 percent, he said.

In May this year, 27 percent of the roads in the downtown area were congested during rush hour and estimates show that a year from now, the problem will affect more than half of the roads, the mayor said. "If we wait until the city has 3 million vehicles to implement the policy of limiting car plates, it will be too difficult to improve then."

He noted that the measure is just part of Guangzhou's plan to improve transportation, and the city will build new subways and add more buses for the convenience of residents.

The money from the auction of car license plates will all be used for improving public transportation and environmental protection, he said.

A controversial clause of the new regulation is that when organizations and individual buyers purchase a new vehicle to replace their used one, the new vehicle should have an engine with displacement no higher than the old one.

"I bought a 1.5-liter car for two years and want to swap it for a 1.6-liter car, but now I can't because of the new poli-



JING WEI / FOR CHINA DAILY

Energy-saving and eco-friendly vehicles are expected to soon have a greater presence in China.

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CHEN JIANHUA,
GUANGZHOU MAYOR

Guangzhou's car quota hurts more than helps industry



JOHN ZENG

The government of Guangzhou has decided to emulate Beijing and Shanghai by clamping down on the number of cars on the road.

There is little doubt that this policy will hurt the automotive industry even if it brings about a purchasing frenzy in the short term.

Only two days after the measure was introduced, the market value of two listed companies — Guangzhou Automobile Industry Group and the Shanghai Automotive Industry Corporation — shrank by nearly 16 billion yuan (\$2.5 billion).

While these figures leave no doubt about how big a hit the measures will have on the automotive industry, the question is whether a simple step such as restricting licenses can really solve congestion problems in big cities.

First, let us compare some big cities. In Beijing, 4.72 million vehicles, excluding motorcycles, are registered, which is equivalent to 142 vehicles for every kilometer of road. In Shanghai, the figure is 1.72 million vehicles, or 103 per km and in Guangzhou, 1.67 million automobiles, or 116

per km.

Guangzhou is not even among the top cities in China in terms of the number and concentration of vehicles. For example, the concentration of vehicles in Shenzhen is triple that of Guangzhou.

The figure in Japan's Tokyo is even more staggering. Its urban area is only one-third that of Guangzhou and one-ninth that of Beijing. It has three times as many vehicles as Guangzhou and just as many as Beijing. But even with Tokyo's population of more than 13 million, there are seldom traffic jams, even during rush hours.

In addition, Tokyo has none of the measures used in Shanghai, Beijing and Guangzhou, such as alternating the days that people are allowed to use cars and rush-hour restrictions. So how does Tokyo, with the same number of vehicles as Beijing, solve traffic congestion, when its roads are narrower than those of the Chinese capital?

Effective management

First, traffic in Tokyo is effectively managed, and well-developed public transport means people can choose the most logical and convenient ways of getting around.

Figures show that during the morning rush hour in downtown Tokyo, 91 percent of people travel by rail, while only 6 percent use cars.

The strict enforcement of traffic laws by police and Tokyo drivers' strict adherence to the rules means traf-



FAN JIASHAN / FOR CHINA DAILY

Traffic congestion is a common problem shared by large Chinese cities like Beijing, Shanghai and Guangzhou, where local governments are implementing various measures to restrict the number of vehicles on roads.

fic generally flows freely.

The urban areas of Tokyo are only one-third that of Guangzhou, but its road network stretches more than 24,000 km, 1.6 times that of Guangzhou. In addition, Tokyo has 13 subway lines stretching more than 400 km. Such infrastructure is the basis of Tokyo's effective traffic management.

Car ownership in China has soared in the past 10 years or so, particularly in the past three years, during which ownership has doubled.

However, local government traffic management is unable to keep up with the pace of development in the auto market, and public awareness of traffic matters is almost zero.

Even in a metropolitan city like Shanghai, traffic lights are only effective within the

city's central ring road area. In the outer ring road area and the suburbs, it is common to see vehicles going through red lights. For non-motorized vehicles and pedestrians, traffic rules exist in name only.

That is why China has a great number of traffic accidents. Last year, more than 230,000 accidents were recorded resulting in 62,000 deaths, which is equivalent to a fully loaded, mid-sized passenger airplane crashing every day of the year, killing all on board.

Strict rules

Shenzhen is a place where the government has made great efforts to bring order to the roads. The city, which has the highest concentration of motor vehicles in the country, 303 per km, is still open to licensing new motor vehicles.

New road traffic rules came into effect nearly two years ago,

and infringement penalties are among the highest in the country.

Pedestrians crossing at red lights face fines of 20 yuan, while motorists going through red lights can be fined 500 yuan, with this amount doubling for a third violation. Motorists fined a fifth time for driving through a red light can have their driver's license confiscated. Those illegally changing their number plates so as to mislead traffic cameras face a fine of 50,000 yuan.

When these measures were introduced, they were met with widespread criticism, but within a week of coming into force, speeding captured by traffic cameras fell 60 percent compared with the same period the year before. The incidence of people driving through red lights fell 64 percent and illegal U-turns fell 98 percent.

It is this kind of approach that has allowed Shenzhen to continue licensing new motor vehicles.

Licensing restrictions not only cannot solve urban congestion but also greatly damage the domestic auto industry. Restricting licenses in Beijing has led to local brands being marginalized in the market there.

After the curbs came in, the market share of local brands halved last year, from 22 percent to 11 percent. At the same time, the market share of imported cars doubled, from 5 percent to 10 percent.

Statistics from the China Automobile Dealers Association indicate that last year, 11 car dealer shops closed in Beijing, most of which sold Chinese brands. At the same time, 14 new car dealers appeared, most of which sold imported luxury cars.

If more cities restrict car purchases, the scope for developing Chinese brands and small cars will be further squeezed. That is contrary to the government policy supporting the local automotive industry and encouraging small-displacement of automobiles.

Traffic congestion has become an increasing problem as China has urbanized. The way to tackle that problem is to improve traffic management and step up construction of infrastructure.

Relying on restrictions is a wrong-headed way of looking at the issue and can only harm the automotive industry and consumers.

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