

## Title:

Chery Automobiles: China's Auto War Begins

## Word Count:

746

## Summary:

Chinese made cars will soon be cruising many American streets. Much like Asian makes before it, these cars will start out with ultra low prices. If you thought that your Kia was priced low, wait 'til you see the prices planned for these imports!

## Keywords:

Chery, Shuanghuan, Geely, Oriental Son, Windcloud, Flagcloud, Tiggo, Daewoo, Toyota, Honda, Ford, GM, Kia, Nissan, cheap cars, discount cars, cheap imports, free trade, Sino-US relations, money, UN

## Article Body:

China is laying plans at this very moment to begin shipment of passenger vehicles to the North American market by mid 2007. Chinese automobile manufacturer, Chery, yes read that again...the company sounds strangely like Chevy, is looking at bringing not just one, but a whole fleet of low cost production vehicles to our shores. Proposed prices will astound you and could potentially bring the U.S. auto market to its knees. Don't think for even one moment that Japanese and Korean automakers will be immune from this flood of low cost cars. Chery vehicles have been designed - some say stolen - from current Asian models and will compete directly against the likes of Toyota, Honda, Nissan, and Hyundai. China's long awaited war with the US - at one time expected to begin with a Red Army attack on Taiwan -- may be fought on an economic front instead.

Chery, a state-owned car producer formed in China's eastern Anhui Province, is currently building a number of cars in China including the QQ - a compact car strangely similar to the Daewoo Spark [GM's Korean division], as well as several sedans and a compact SUV. Indeed, recent charges made by Toyota, GM, and Honda have all alleged that Chery mimicked or outright stole designs from at least one of each automaker's vehicles including the Honda CR-V. For the record, the Toyota case was rejected, Honda is still attempting to work out a solution with their case, and GM recently dropped its suit after the Chinese automaker agreed not to sell their cars in the US under the Chery name which GM has stated is too close to the Chevy name. Chinese courts have also ruled that the Daewoo Spark

design was not registered in China, so GM dropped its suit.

At present, the Chery vehicle line up includes the tiny QQ; a compact SUV built jointly with Mitsubishi called the Tiggo; and three sedans: the Oriental Son, the Flagcloud, and the Windcloud. Recently, Chery unveiled a newly designed crossover vehicle along the lines of the Chrysler Pacifica. With an introductory MSRP of under \$20,000 the Chery crossover will seat up to seven passengers and come equipped with both four and six cylinder engines. As you might guess the Chery crossover, if equipped similarly to the Pacifica, could be priced some ten thousand dollars *less* than the Chrysler model.

Current prices on the other models have not yet been set, but published reports this past summer indicated that a basic Chery could retail for as low as \$6995 in the US, which would be some three thousand dollars less than the next lowest priced car, the Chevy Aveo [from GM's Daewoo unit, naturally]. Of course, this particular pricing strategy has raised all sorts of alarms within the automobile industry, chiefly how to counter a flood of low cost cars invading the U.S. market. As some have pointed out, much like Hyundai's introduction to the North America market during the 1980s, the Chinese cars are expected to initially have only a limited appeal primarily due to expected low quality levels. Still, it only took Hyundai less than one decade to begin to produce cars which consistently matched the quality levels of many American and Asian models. So, it could be just a matter of a few years before Chinese cars receive the positive press now given to many other Asian automakers, resulting in a sharp surge in sales.

While the Chery dealer network within the US has yet to be established, it is under development; a limited version of the dealer network is expected to be in place by Summer 2007 when the first Chinese vehicles arrive. A rapid expansion of this same network across the US and Canada has been planned over the ensuing years and although the Chery name will not be used in the US, you can expect that whatever name is selected these cars will impact the way many Americans buy their cars from that point forward. Oh, by the way, two other Chinese automakers -- Shuanghuan Automobile Manufacturing, LTD and Geely Automotive -- are also expected to export cars to the North American market soon after Chery makes its debut.

While it is too early to say, the opening of the lucrative North American automobile market to cheap Chinese vehicles could possibly shake the American economy in ways never anticipated. I, for one, shudder to think just how all of this might unfold.