

# Ford opens new factory

US automaker adds production facility in the southwest of the country

By CRAIG TRUDELL  
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BLOOMBERG NEWS

**SOUTHFIELD, Michigan** — Ford Motor Co broke ground on Thursday on a \$500 million engine factory in Southwest China as the automaker seeks to expand in the world's largest market and boost global sales by 50 percent in four years.

The plant in the Southwestern Chinese city of Chongqing will more than double engine capacity for joint venture Changan Ford Mazda Automobile Co to 750,000 units when output starts in 2013, according to its statement. Ford forecast last week that growth in Asia will help boost global sales by 50 percent to 8 million vehicles a year by 2015.

Chief Executive Officer Alan Mulally expects 55 percent of vehicle sales will be small cars and a third will be in Asia by 2020. Ford, which still gets most of its sales and profit from the United States and Europe, holds a 2.4 percent share of the passenger-vehicle market in China, trailing General Motors Co's 10 percent, JD Power & Associates said in April.

The engines built in Chongqing will be used in Ford-branded vehicles built and sold in China, the statement said. The automaker, based in Dearborn, Michigan, plans to triple its lineup in China by offering 15 models, including the Kuga



An automobile assembly line at a Ford Motor Co factory in Nanjing. The company aims to boost its presence in the Chinese market and increase global sales by 50 percent in four years.

small sport-utility vehicle, by the middle of the decade, Chief Financial Officer Lewis Booth said last week.

Ford plans to double its number of dealerships in China to 680 by 2015 and is spending \$1.6 billion building four factories there. By next year, the company will have the capacity to build 1.1 million vehicles in China, Jim Farley, Ford's marketing chief, said last week.

Ford also said its pretax profit will be lower in the second half than in the first six months as the company faces rising structural and commodities costs.

Second-quarter profit will equal or be "slightly lower"

than in the first quarter, when Ford earned \$2.78 billion before taxes, Contoller Bob Shanks said on Thursday at the Deutsche Bank Global Industrials and Basic Materials Conference in Chicago. The housing recession is hurting commercial-truck sales and Ford is constrained in output of fuel-efficient cars, he said.

"Our commodity costs and our structural costs will each be up about \$2 billion," Shanks said. "We expected first-quarter earnings would be potentially the best of the year. As we look at the second quarter, it could be very close to the first quarter and maybe a little lower."

New models such as the

redesigned Focus compact car and Explorer sport-utility vehicle are commanding higher prices, which helped boost first-quarter net income 22 percent to \$2.55 billion, the most for the period since 1998. The second-largest US automaker has earned \$9.28 billion in the past two years after \$30.1 billion in losses from 2006 through 2008.

On Wednesday, Ford fell 28 cents, or 2.1 percent, to \$13.15 at 4:15 pm in New York Stock Exchange composite trading. It has declined 22 percent this year.

The automaker has said it will face \$4 billion in higher expenses for commodities,

new-product development, engineering, manufacturing and advertising this year. The company also said earnings from its Ford Credit finance unit will be \$1.1 billion less because of changes in lease depreciation and credit-loss reserves.

Shanks said concerns about the economy are damping US auto sales. Ford expects industry-wide sales to "snap back" in the year's second half and reach the automaker's forecast of 13 million to 13.5 million deliveries, he said. "Consumer confidence isn't as strong as you'd like," Shanks said. "There's just a lot of nervousness across the board on the global economy"

# Lotus gears up to join China's sports-car pack

By LI FANGFANG  
CHINA DAILY

**BEIJING** — Lotus Cars Ltd announced its official foray into China on Wednesday, seeing the huge potential from China's surging super sports-car market.

The British sports-car maker has authorized Symphony Lotus Ltd as its importer and distributor around the nation with the launch of a new logo tailor-made for the Chinese market.

"The entry into the Chinese market is an important step for us to improve and perfect our global strategy. I believe China's strong economy, as well as the Chinese younger generation and newly rich's enthusiasm for niche sports cars will further fuel our business," said Dany Bahar, chief executive officer of Lotus.

According to the Hurun Wealth Report 2011 released in April, China is close to having 1 million millionaires with personal wealth of 10 million yuan (\$1.54 million) or more.

Zhang Lichen, chief executive officer of Symphony Lotus, told China Daily that the first dealership and showroom for Lotus will open in October in Beijing, to be followed by others in Shanghai, Chongqing and Guangzhou later in the year.

"We are investing in new dealerships throughout China to not only introduce the Evora, Elise and Exige, but also in preparation for the arrival of new Lotus sports cars, starting with the Esprit in 2013," Zhang said.

He also said that Lotus

intends to sell 200 cars in China this year and plans eight additional dealerships in 2012.

China has become the focal point of the automobile industry not only because it replaced the United States as the No 1 global market in sales, but also because it has become the most promising market for luxury cars, especially super sports cars, showing the highest growth rate.

Each year on the first day of the international auto shows in Beijing and Shanghai, the big news has always been that someone snapped up a limited-edition super sports car for tens of millions of yuan.

The Italian super sports-car producer Automobili Lamborghini SpA, which entered China in 2004, has seen its annual sales increase almost tenfold compared with five years ago.

Stephan Winkelmann, its president and CEO, previously told China Daily that China will be its biggest market this year, after nearly tripling its sales year-on-year in 2010.

The Italian super sports-car company Ferrari SpA expects China to be its second-largest market in the near future, behind only the United States, said the company's CEO Amedeo Felisa.

He told China Daily that he hopes Ferrari will sell 600 vehicles this year in China after sales jumped nearly 50 percent year-on-year in 2010 to around 300 vehicles.

The German premium sports-car maker Porsche AG predicted its sales would surge more than 40 percent to surpass 20,000 vehicles this year.

# Dalian fair brings double-digit growth to information services

By HAN TIANYANG

An annual software and information technology gathering, in the city of Dalian, is helping form a bond between government, academia, and industry.

The 9th China International Software & Information Service Fair, which opened yesterday in this eastern coastal city in Liaoning province, runs for four days and is expected to attract government representatives and companies from more than 20 countries and regions.

It has more than 800 exhibitors, who include global leaders such as Intel, Microsoft, SAP, IBM, Cisco, Genpact, Oracle, Dell, HP, BT, NEC, Fujitsu, NTT and Sony, to be found in the "IT multinational companies gallery".

The Chinese companies include Neusoft, Usoft, Founder Software, Tsinghua Tongfang and Rising, and the nation's top

three telecom operators — China Mobile, China Unicom and China Telecom.

There are around 1,000 new products, solutions, services, and technologies on display, the organizers have said.

A highlight of this year's fair is the main forum, on June 16, with the theme "Green IT, smart application", where government representatives, enterprises, and academics sat down and talked about global IT trends.

Government and industry representatives from the US, France, India, Japan and South Korea are expected to speak at the summit, where visitors can hear the latest from executives of Intel, IBM, Cisco, SAP, Hitachi, Neosoft, Usoft, Hisoft and China National Software & Service.

June 17 to 18, there are nine plenary sessions, each focusing on a different topic, such as innovation, funding, outsourcing, talent training, policies,

project management, intellectual property and overseas strategies.

There will also be time for one-to-one talks between the Chinese and foreign counterparts, leaving room for real trade opportunities.

## Local benefit

Dalian itself has benefited a lot from this fair. The first was held in 2003, and the city's software and service industry has grown about 40 percent every year, since that time.

Last year, the sector generated 53.5 billion yuan in sales, a year-on-year increase of 34 percent. Exports in the industry rose 29 percent, to \$1.8 billion.

Dalian now has over 900 software companies, about 60 of them on the Fortune 500. The sector employs more than 100,000 people, compared with just 3,000 a few years ago.

As more overseas companies come to the fair and sign

contracts with the Chinese, Dalian becomes more international in its outsourcing and more recognized worldwide, said Liu Dechun, chief of the organizing committee and head of Dalian's foreign trade and economic cooperation bureau.

The software sector has also seen improvements in recent years, going from simple OEM to the upper end of the value chain with more advanced work like solutions design, advanced product R&D, and finance services, Liu said.

Local officials have said they believe the city will stay in the fast lane in its foreign trade. The goal is an annual increase of 20 percent in international service trade and 30 percent in offshore outsourcing.

They are looking for \$100 billion in exports and imports by 2015 and a foreign capital influx of \$30 billion between 2011 and 2015.



Booth of the Dalian Software Park at the ongoing China International Software & Information Service Fair, in Dalian.

# Green and sustainable: the new software industry standard

By HAN TIANYANG

Information services and related software grew considerably in China last year to become its fastest growing industry, and contributing a great deal to economic development.

Revenues reached 1 trillion yuan in 2010, a year-on-year 20-percent increase. But, what is even more noteworthy perhaps, is the sector's energy-saving potential.

This and other matters are being addressed now at the China International Software & Information Service Fair, in Dalian, Liaoning province, where the focus is on "green IT" and "smart applications".

This year's fair has at least 800 exhibitors in the 30,000-square-meter space, making it the biggest in its nine-year history.

The organizers have said they want this fair to do something to make the soft-

ware industry a clean Industry, while it powers the global economy.

Experts have said that "green" and sustainable will be the new software industry standard, in the same way that it has been applied to the global economy.

They said software requires less energy and produces less pollution than traditional industries such as heavy manufacturing.

One example of how this works came from Gao Wei, president of the Dalian Software Park. A 10,000-sq-m part of his park, he said, has 1,000 engineers and pays 300 million yuan in taxes. That is five times the amount paid by traditional industries occupying the same amount of space. And, power consumption amounts to only one-fifth of what manufacturing requires.

The "smart applications", a theme of the fair, means making the software industry

more energy-efficient.

Outside this industry, use of materials and the cost of logistics have been cut significantly as companies gradually apply smarter systems such as Enterprise Resource Planning and Supply Chain Management. This in turn improves efficiency and cuts waste, explained Wang Wenjing, president of Usoft, one of the country's largest software makers.

And when we add new technologies such as cloud computing, the mobile Internet, and the Internet of things, according to some experts, it might be called "an intelligent revolution".

Against this backdrop, the green economy and smart/intelligent applications will be the next engine for growth in the software industry. And they will play a crucial role in increasing China's competitiveness and ability to innovate.



Opening ceremony of the 9th China International Software & Information Service Fair.