

## CoverStory

# F1: Driving into profit

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F1 is seeking financial fuel to keep the global sporting event firing on all cylinders, and the key driver of growth is the fees that come from the circuits.

A wide range of events such as amateur running races are held around the Grand Prix to attract local audiences to the racecourse.

"We encourage the community to get involved and to take advantage of the rare opportunity to get a view of the track that very few members of the public ever get to see in a fun run," says Westacott of the Australian Grand Prix.

Meanwhile, in the Japan Grand Prix from Oct 3-5, the presence of 1992 champion Nigel Mansell is expected to be the main attraction.

For spectators, races in Asia are a better deal than their European counterparts. TripAdvisor, a travel website, says Asia is home to the three cheapest races on the F1 calendar. The total average race-day cost for the Malaysian event is around

\$164, followed by Shanghai (\$200) and Suzuka in Japan (\$255). Singapore is comparatively expensive at \$622.67 (\$494).

In terms of the race-day ticket, Malaysia was again found to be the most affordable, with an average of just \$31, much cheaper than Shanghai (\$70) and Bahrain (\$80).

F1's Asia adventure started when the Sepang International Circuit, near Kuala Lumpur, hosted the first Malaysian Grand Prix in 1999.

"By 2020 we hope F1 will help us to achieve a target of 36 million tourists and 168 billion ringgit (\$52 billion) in receipts," says Mirza Mohammad Taiyab, director general of Tourism Malaysia.

Malaysia made its first move into auto racing in 1995, when the country's national oil company, Petronas, took up sponsorship of the Swiss Sauber F1 team.

In 2004, China drove into the F1 arena. The Shanghai International Circuit was built at a cost of \$240 million to host the country's first F1 race.

Industry observers maintain that

China's presence in the F1 fixture is due to the vast local market and its growing middle class.

The country is the world's largest market for motor vehicles. Since 2009, annual production of automobiles in China has exceeded that of the European Union, the United States and Japan combined. Besides, home-grown Chinese companies are also looking for international exposure.

Last year, Chinese automotive and equipment manufacturer Weichai Group became the first Chinese brand to sponsor the Scuderia Ferrari F1 team, signing a four-year deal.

Hisense, a multinational white goods and electronics manufacturer from China, has agreed to sponsor the UK-based Caterham F1 team, in a short-term deal.

"Association with F1 does present a unique opportunity for brands with an aspiration to be a true global brand," says Mickey Chak, chief planning officer at advertising firm Ogilvy & Mather in China.

Chak says that a huge variety of brands, from personal care to fash-

ion, see the benefits of the event.

In the Middle East, F1 has two stops each year. Bahrain first joined the F1 calendar in 2004, while the Abu Dhabi race was introduced in 2009.

Independent studies have shown that the Bahrain Grand Prix is one of the most commercially successful events on the motor sport's calendar. It is a great contributor to the local economy, creating an impact of over \$2 billion each year.

"The entire country literally comes together as one in order to successfully stage the race," says Shaikh Salman bin Isa Al Khalifa, CEO of the Bahrain International Circuit.

With fans and tracks expanding eastward, participating teams have put local drivers in the F1 seats. Earlier, the Spanish HRT team hired Karun Chandhok and Narain Karthikeyan, both from India. The team also made headlines when it ran Ma Qinghua, who became the first Chinese-born driver to compete in an F1 car.

When Caterham F1 signed Nabil Jeffri in 2010, the then 16-year-old

Malaysian became the youngest person to drive an F1 car. Caterham was until earlier this year owned by the Malaysian entrepreneur Tony Fernandes, best-known as the founder of budget carrier AirAsia.

"Asia is rapidly expanding, and with this will come accessibility to drivers who are now coming through the more junior ranks and demonstrating their ability," says Andrew Philpott, regional director for Asia Pacific at PRISM (Public Relations & International Sports Marketing).

Philpott maintains that for brands involved in F1, Asia is the main growth market. So the ability to tap into this through a talented driver who resonates with the region is something many will be looking for.

At present, Asian drivers may not be attracting the same levels of endorsements as their European counterparts, but Philpott does not expect this to remain the case for long.

"If an Asian driver is able to stand on the podium, the value will go through the roof."

chengdureport

## Aerospace and new energy auto industries take off

By LI YU and PENG CHAO

One of the fastest growing cities in China, Chengdu, the capital of Sichuan province, has strived to develop emerging industries and further boost its economy.

The move echoes China's national strategy to develop strategic emerging industries.

Chengdu's GDP increased by 8.7 percent year-on-year in the first half of this year, to 484 billion yuan (\$79 billion), and is expected to break one trillion yuan for the whole year.

The added value of the city's high-tech industries above a designated scale rose by 16.8 percent in the first six months of this year. This was 4.8 percent higher than the above-scale industrial added value of the same period last year.

The aerospace industry is one of the most promising emerging industries in Chengdu.

The nose of the first C919, the nation's first domestically designed large passenger jetliner, was assembled in Chengdu in July this year, at AVIC Chengdu Aircraft Industrial (Group) Co Ltd.

The C919 is one of the country's major efforts to enter the global passenger aircraft market.

The plane can seat up to 180 people and has a flying range of up to 5,555 kilometers. The communication and navigation systems for the C919 are also being researched and developed in Chengdu.

The joint venture of China Electronics Technology Avionics Co Ltd and US firm Rockwell Collins is expected to deliver the first batch of "made in Chengdu" products to the Commercial Aircraft Corporation of China (COMAC) next year.

Final assembly of the C919 is expected to start in the latter half of this year.

"Chengdu is blessed with advantages in developing the aerospace industry. The central government has set up a number of leading aerospace companies and scientific research institutions in Sichuan province, most of which are located in Chengdu," said an official at the city's economic and information commission.

AVIC Chengdu Aircraft Industrial (Group) Co Ltd, one of China's main bases for developing and manufacturing fighter aircraft, designed and produced all kinds of aerial vehicles.

The company cooperates with a number of world famous aviation enterprises.

It supplies aircraft parts to both domestic and foreign aircraft manufacturers including Boeing and Airbus.

AVIC Chengdu Engine (Group) Co Ltd was established in 1958 and is one of China's major research and manufacturing bases for aircraft engines.

The company has strategic cooperation with the world's leading aircraft engine makers including GE, Pratt Whitney Group and Rolls-Royce holdings plc.

The Ministry of Commerce approved Sichuan Snecma Aero-engine Maintenance Co Ltd (SSA-MC) to start a maintenance service for aircraft engines at the Chengdu High-Tech Comprehensive Bonded Zone.

The program plans to have an annual capacity to repair 600 engines, the largest scale in Asia and fifth in the world, which would make Chengdu one of the world's most competitive aircraft engine maintenance bases.

According to the city's plans, Chengdu will build itself into a major aerospace industrial base, with a complete industrial chain featuring manufacturing programs of aircrafts, aircraft parts, business jets, unmanned aerial vehicles, air-

8.7  
percent

GDP growth year-on-year in the first half of this year

24

manufacturers  
in new energy automobiles

It is the largest new energy automobile production base in the country.

The company's newly designed pure electric car C30 appeared at the Chengdu Motor Show in late August.

Mass production of the car is due to begin by the end of next year, according to Cao Guodong, deputy general manager of the company's new energy automobile branch.

Sichuan Auto Industry will launch a pure electric SUV in the latter half of this year to explore the market, Cao said.

Li Shufu, chairman of Volvo Cars and its owner Zhejiang Geely Holding Group Co Ltd, said Volvo Cars planned to produce new energy vehicles in its Chengdu base, at the Sichuan Automobile Industry Development and Investment Forum in late August. Chengdu is home to 24 new energy automobile manufacturers.

To date, the city has put into use 1,000 new energy vehicles including buses, official cars and taxis. The city has also carried out plans to develop other emerging industries, such as next generation information technology, bio-pharmaceuticals, new materials and high-end equipment manufacturing.

craft engines and aircraft engine maintenance services.

The industry is expected to generate annual sales revenues of 50 billion yuan by 2017.

New energy automobile manufacturing is another driving force for the economic development of Chengdu, which is the largest car consumption market in western China.

Sichuan Auto Industry Co Ltd, an automobile manufacturer based in Chengdu, built a new energy automobile production base with an annual capacity to produce 120,000 new energy cars in Mianyang, Sichuan province.