Motorcycles in China

Industry Study with Forecasts for 2014 & 2019

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**Demand in China to grow 7.6% yearly through 2014**

Demand for motorcycles in China will rise 7.6 percent annually to 54.9 million units in 2014. Electric motorcycles are expected to surpass gas motorcycles to become the most important motorcycle type sold in China. These comparatively new products will account for over three-fourths of all new motorcycle demand in 2014. Gas-powered internal combustion engine (ICE) motorcycles will also record solid growth through 2014, helping to strengthen China’s position as far and away the world’s largest motorcycle market.

**Electric motorcycles to register fastest growth**

The market for electric motorcycles in China is expected to grow 11.0 percent per annum through 2014 to 31.6 million units. Demand for these newer products will continue to expand at a rapid pace through the forecast period, as increasing numbers of urban dwellers turn to electric motorcycles for their transportation needs. Improving vehicle durability and battery power and longevity have allowed electric motorcycles to meet an important need among urbanites seeking to upgrade from pedal bicycles but unable to afford automobiles. Aided by central government subsidies, greater sales of electric motorcycles in rural settings will also offer new opportunities.

Gains for electric scooters and three-wheeled trikes will lag those for electric mopeds and bicycles due to new regulatory standards favoring lighter vehicles, mainly electric mopeds.

**Rural regions best market for gas (ICE) motorcycles**

Sales of traditional gas motorcycles will increase 3.9 percent annually to 23.3 million units in 2014. Advances will be driven by increasing economic activity and rising personal income levels in the country’s rural and semi-rural regions, which are and will remain the most important market for these vehicles. Government rebates for purchases of ICE motorcycles by rural residents as part of the “Automobiles and Motorcycles to the Countryside” program will also stimulate new demand. However, restrictions and even outright bans on ICE motorcycles in many Chinese cities will prevent sales from expanding at a faster pace. Cruisers are the most popular model type among Chinese consumers, representing 43 percent of gas motorcycle sales in 2009. However, their dominance of the ICE market has been undermined in recent years due to the diversification of motorcycle offerings in China. Going forward, trikes and sidecars will see demand expand at the fastest rates of any ICE motorcycle model types.
GAS MOTORCYCLES

Scooters

Sales of scooters are projected to increase 3.6 percent annually to 6.6 million units in 2014. Sales growth is being driven by growing income levels and urbanization trends. Despite a growing e-motorcycle sector, scooters will remain popular due to their lower price points and ease of use.

A scooter is a two-wheeled motorcycle characterized by a step-through design with the engine either attached to the rear axle or located under the seat. Scooters usually feature smaller engines than other types of motorcycles, although some modern models have twin cylinder engines. Most modern scooters are installed with air-cooled engines with automatic oil injection, although water cooled technology has been recently adopted in some brands in the Chinese market by OEMs such as Honda and Chunfeng.

Scooters in China have a wide range of displacements from 50 cc through 200 cc. They are an attractive option for first-time motorcycle buyers because of their continuously variable transmission (CVT). Their step-through design also makes them more appealing to female riders.

Scooters in China were traditionally produced by manufacturers in Zhejiang and Guangdong, two of the three major motorcycle producing regions in China. However, Chongqing -- the third major region -- is now looking to increase its scooter output. To this end, the Chongqing government has introduced preferential policies, such as tax rebates, to support local scooter producers.

Besides encouragement from local governments, the above-average profits offered in the segment are another factor attracting major motorcycle producers. Chongqing Lifan Industry Group, a Chongqing motorcycle manufacturer...
Chongqing Yinxiang Motor Group Company Limited

No. 822, Konggang Avenue
Konggang Economic Development Zone
Yubei District, Chongqing 401120
China

86-23-6718-3722
http://www.yinxianggroup.com

Annual Sales: ¥1.9 billion [US$280 million] (estimated)
Employment: 3,000 (2009, as reported by company)

Key Products: underbone, sport, off-road, cruising, street, scooter and three-wheeled motorcycles; and motorcycle engines

International Contact: Mr. Shang Xiaodong, General Manager

Chongqing Yinxiang Motor Group is a leading Chinese manufacturer of motorcycles, all-terrain vehicles, gasoline engines and related parts. The Company is privately held.

The Company produces underbone, sport, off-road, cruising, street, scooter and three-wheeled motorcycles that have engine displacements ranging from 35 to 600 cubic centimeters (cc). Among Chongqing Yinxiang Motor’s motorcycles are the 124-cc YX125-CF2 underbone, 124-cc YX125-B sport, 200-cc YX200GY off-road, 145-cc YX150-A cruising, 250-cc SGP250ST-9 street, 50-cc YX50QT-6 scooter and 198-cc YX200ZH three-wheeled models. The Company has the capacity to manufacture 1.2 million motorcycles and 2.5 million motorcycle engines annually.

In 2009, the Company sold 259,925 motorcycles in China.
Chongqing Yinxiang Motor has a production facility in Chongqing,

“... The Central-South is the largest regional motorcycle market in China, accounting for 36 percent of national motorcycle demand in 2009... Sales of motorcycles in the Central-South are projected to grow 7.1 percent annually through 2014 to 19.1 million units. Gains will be driven by the increasing popularization of electric motorcycles in urban and suburban settings and rising income levels in rural regions that to date have been too poor to support significant motorcycle markets.”

--Section VI, pg. 159-60
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