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Data Point: North American Terminal Tractors 6,900

By *Carol Turner*, Senior Analyst, Global Operations

This is the estimate, by Power Systems Research, of the number of Terminal Tractors that will be produced in the United States during 2019. Estimated 2019 production will be up nearly 2% from 2018.

In 2018, production was 6,750 units, up 976 units or 17% from 2017.

This information comes from two proprietary databases maintained by Power Systems Research: **EnginLink™**, which provides information on engines, and **OE Link™**, a database of equipment manufacturers.

Market Share: With 42% of the total units produced, **Kalmar-Ottawa** (formerly **Cargotec-Kalmar**) leads in North American production of Terminal Tractors. In second position is **Tug Technologies**, with 17%; third is **Tico Manufacturing** with 12.5%.

Exports: Collectively up to 40% worldwide

Trends: From 2017-2018 production of Terminal Tractors in North America increased 17%. Production is expected to gain nearly 2% from 2018-2019. The reduction in annual production is attributed to remanufacturing/refurbishing of existing units currently in operation. Over the past few years, airlines have tightened expenditures, due to reduced operating budgets.

The slight increase this year comes from the demand for new products that will improve operating efficiency and reduce environmental impact. 2018 was an exceptional year in the North American terminal tractor industry. Concerns over price increases from additional tariffs and trade wars made several customers bring forward orders, resulting in significant growth in sales for most manufacturers.

Overall, 2018 was a milestone year for most North American terminal tractor manufacturers. Production is expected to remain steady with an increase of 10% over the next five years. **PSR**

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The diesel is far from obsolete and remains the most viable and efficient choice for many applications, both on and off the road, and particularly for moving cargo over long distances.

Executive Notes

Hydrogen Fuel Cell Technology Advances

By *Dennis Huibregtse*, PSR Board of Directors and Consultant

PowerTALK™ recently noted changes in the management of Power Systems Research (PSR), as well as a partnership with the global research firm of IHS Markit to produce a new series of equipment market reports. These are significant changes for PSR, of course, but they are only a fraction of the changes happening in the ever-evolving industry that we serve.



*Dennis
Huibregtse*

Looking at a steady flow of alternative powertrain developments and the rate at which they are happening, it seems to be a time of unprecedented change.

And change is good. Someone said, “If you’re not changing, you’re dying,” and that is as true today as ever. We adapt to the constant change around us to survive, and the process of engaging with changes and adapting or accommodating them keeps us vital.

Changes are stimulating and interesting, even though they may not always be comfortable.

Diesel Alternatives

For some time, we’ve watched development of alternatives to diesel engine-based powertrains for heavy duty applications. The diesel is far from obsolete and remains the most viable and efficient choice for many applications, both on and off the road, and particularly for moving cargo over long distances.

It’s becoming clear that current battery-electric-only technologies come up short for long-haul vehicles. That may change but will likely require a technical breakthrough to solve the recharging-range-weight equation as we know it today.

So that pushes to the sidelines Tesla’s Semi concept as an alternative to diesel for long haul applications, at least for now. It may be viable for short distances or regional out-and-back service, but not long haul. The industry seems to generally agree on that.

Meanwhile, Nikola continues to push forward with its fuel cell technology. The company also developed an all-electric truck that could compete with Tesla and others for short-haul or regional service. But it is creating the most waves with its hydrogen fuel-cell powertrain for long haul trucks, which it expects will generate 80% of its business. Production launch is currently projected for 2022, according to Nikola press info.

That’s about three years from now. It seems ambitious, especially when at least one established powertrain producer believes the hydrogen fuel cell is perhaps six to eight years away from production.

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Executive Notes

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Toyota also has been working on fuel cell development – for about 20 years, in fact – and has amassed considerable experience with the technology. Their current partnership with Paccar for heavy-duty drayage applications is demonstrating that they have something that performs in the real world. The leap from field test to a viable commercial vehicle is miles less than the gap confronting Tesla.

Are we approaching the point where the fuel cell-based powertrain will come to the market? Yes.

Will that be in three years? Possibly; maybe only on a limited basis but it will surely have progressed from where things stand today. Solving the hydrogen supply and refueling infrastructure challenges will be crucial. But we are seeing evidence that fuel-cell technology can be an alternative to diesel power for long-haul powertrains. **PSR**

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Brazil/South America Report

By Fabio Ferraresi, PSR Director, Business Development, South America



*Fabio
Ferraresi*

FCA Invests US\$ 125 million To Create Engine Production Hub

FCA plans the expansion of Betim plant facilities to produce turbo engines with an investment of US\$ 125 million in addition to the US\$ 2 billion announced last year. This project will create 1,500 new jobs. 400,000 units will be shipped from Brazil to European operations through 2022. New technologies, using Hybrid and alternative fuels, will be included in the new operation.

Source: *Automotive Business* [Read The Article](#)

PSR Analysis: The strong results in South America following the US\$ 3.8 billion investment at the Jeep plant has encouraged substantial investment in other ventures for the region. A strong supply chain in the region with a 1.3 million engine per year capacity already helps to create the export hub that will benefit around 900 suppliers.

Garret To Produce Turbos for Cars in Brazil

The Brazilian subsidiary of Garret reportedly has “several customers confirmed” and it will be producing turbos for cars in Brazil within 12 to 18 months. Today, Garret produces only turbos for diesels in Brazil and may have its volume tripled when supplying turbos for new ethanol and gasoline engines.

Source: *Automotive Business* [Read The Article](#)

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Brazil/South America Report

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PSR Analysis: Given the growing efficiency limits, turbo use in Brazil is expected to grow significantly and Garret aims to grab a share in this market. Currently, only BorgWarner produces turbo engines at the plant of Itatiba-SP.

Colombia Car Sales Grow 1.6% YTD

With an increase of 8.3% in May, compared with May 2018, Colombia registered sales of 22,298 units, the biggest monthly volume in 2019. Toyota is growing 31% over last year, while Renault grew 18.8% and leads sales this year with 19,772 units, followed by Chevrolet with 17,515 units. In MHV sales, truck sales growth is 176% YTD and buses is 103%, driven by replacement of the Transmilenio fleet.

Source: *Andemos* [Read The Article](#)

PSR Analysis: After a slow start in 2019, the Colombia market is catching up on the growth forecast driven by economy growth, investment in infrastructure and access to car funding lines. **PSR**

China Report

By *Qin Fen*, 秦奋 *PSR Business Development Manager-China*. [业务拓展经理](#)

Tough Pollution Prevention and Control Draft Rolls Out



Qin Fen

BEIJING – A draft of tough Pollution Prevention and Control regulations has been rolled out by the Beijing Municipality on Vehicles & Non-road Mobile Machineries. Under the draft, public lawsuits can be filed against end-users. Violators will be put on the list of “Dishonest Persons.”

Sources: *Beijing Municipal Government* [Read The Article](#)

PSR Analysis: There are two items in this draft that tell us the government is serious about this regulation. One is that lawsuits can be filed against end-users for public interests. This is not so widely seen in other regulations.

The second is that violators will be put on the list of “Dishonest Persons.” Basically, if you are on this list, you can say goodbye to trains, flights or other public transportation, you can’t check into hotels and your family will also be affected.

With this draft coming out and being made into law, next time the municipal government says it’s Tier 4 compliant, it definitely will be Tier 4 compliant. **PSR**

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China Report

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《北京市机动车和非道路移动机械排放污染防治条例》征求意见

2019年6月12日 - 北京—《北京市机动车和非道路移动机械排放污染防治条例》(以下简称《条例》)近日向社会征求意见,《条例》提出,如果发现机动车排污,可提起公益诉讼。

新闻来源: 北京市人民政府 - [阅读原文链接](#)

PSR分析:《北京市机动车和非道路移动机械排放污染防治条例》草案推出了。2件事说明这次草案是认真的,第一,针对机动车排污,可以提起公益诉讼,这在其他条例当中并不多见。第二,当事人会被列入“失信名单”。如果你在“失信名单”上,那么你基本就告别火车,飞机和其他公共交通工具了,更别说你也不能住酒店,家人还要受牵连。如果这次草案正式通过形成法律,那么等北京市政府说设备必须要满足非道路国四排放的时候,设备肯定满足非道路国四排放。 **PSR**

Europe Report

By *Christopher Bamforth*, European Market Analyst



Christopher Bamforth

End of the Line for CeMAT in Germany

Read The Article

For years, the CeMAT trade show was regarded as a household name for material handling, logistics, warehouse and factory equipment across the world. While the main show took place in Germany, it was adapted for other major regions such as Asia, Australia, Eurasia, Russia and Southeast Asia.

In recent years, the German edition of the show began losing traction. In 2018, Deutsche Messe ran the CeMAT as a sub-show within the giant Hannover Messe. Exhibitors expressed some concerns regarding the new arrangement, and the largest show exhibitor, Jungheinrich, announced that they would no longer exhibit at CeMAT.

Realizing the need for changes, Deutsche Messe has decided to fully integrate the German Edition of CeMAT into the newly revamped “Hannover Messe” (the other editions, in other regions, remain unchanged). As Industry 4.0 drives the convergence of production and logistics, Deutsche Messe and industry stakeholders are incorporating the intralogistics topics covered by CeMAT into Hannover Messe as the driver of industrial transformation.

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Europe Report

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Starting in 2020, and every even year after that, the logistic sub-show will be housed in Halls 2, 3 and 4. This will encompass material flow and warehousing technology; warehouse and factory equipment; industrial trucks and accessories; automated guided vehicles; packaging technology and logistics services.

However, Hannover Messe will feature topics such as logistics and automation and digital logistics on an annual basis within other sections. Next year's event will be held April 20-24 and is expected to attract more than 6,000 exhibitors and more than 200,000 visitors. **PSR**

Far East/Southeast Asia Report

By Akihiro Komuro, Research Analyst, Far East and Southeast Asia

小室 明大 極東及び東南アジア - リサーチアナリスト

Far East: Japan Report

Regulations Call for Auto Fuel Efficiency Increase of 30%



*Akihiro
Komuro*

On June 3, Japan summarized new mandatory fuel consumption regulations calling for car manufacturers to improve fuel efficiency by about 30% by fiscal 2030. The government has set a goal to increase the share of EVs to domestic sales of new vehicles by 20-30% in 2030 and will push forward by setting strict standards that exceed current regulations.

The current regulations set the travel distance per liter of gasoline to be 20.3 kilometers in 2020 and require that it be improved by 24.1% compared to the fiscal 2009 results. The new standard is 25.4 kilometers in fiscal 2030; a 32.4% improvement from the fiscal 2004 results is required.

The fuel efficiency regulations require each OEM to achieve the standard on average for all sales. OEMs need to reduce the proportion of gasoline vehicles and increase sales of fuel-efficient EVs, PHVs, and fuel cell vehicles.

Under the new regulations, the concept of fuel efficiency will be introduced to EVs. EVs that do not require gasoline have zero fuel consumption, but thermal power plants emit CO₂, which is added to the calculation of fuel efficiency. EV also promotes performance improvement such as extending the distance that can be traveled by one charge.

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Far East/Southeast Asia Report

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According to the METI (Ministry of Economy, Trade and Industry), domestic sales of EVs were approximately 24,000 units in FY2017, accounting for 0.5% of the total. It aims to increase this number to 20-30% (including PHV) by 2030. It will be about 1 million units a year when applied to the current market.

Source: *The Nikkei* [Read The Article](#)

PSR Analysis: The new regulation introduces the concept of fuel efficiency to cars that are powered by batteries such as EVs and do not consume fuel. This method-- which has not been introduced even in advanced environmental countries such as those in Europe--promotes clean environmental measures and also has the aim of improving the international competitiveness of the Japanese automobile industry.

The penetration of EVs in the Japanese market still lags behind Europe and the US, but the introduction of this regulation will trigger an EV shift. Also, since this regulation is not limited to EVs, the thermal efficiency of the engine model also needs to be further improved.

Nissan and Honda already have engines that have achieved a thermal efficiency of 45%. There is also a report that research has achieved a 50% level for gasoline and diesel, respectively. **PSR**

極東 > 日本:

車燃費、3割改善を義務付け EV2~3割普及へ規制

経済産業省と国土交通省は3日、新車販売の新たな燃費規制をまとめた。2030年度までに約3割改善することを自動車メーカーに義務付ける。政府は30年に国内新車販売に占める電気自動車 (EV) の割合を全体の2~3割に高める目標を掲げており、現行の規制を上回る厳しい基準を設けて後押しする。

現行の規制は20年度にガソリン1リットルあたりの走行距離を20.3キロメートルとし、09年度実績比で24.1%改善することを義務付けている。新基準は30年度に25.4キロメートルとし、16年度実績から32.4%の改善を求める。19年度内に政省令を改正する。燃費規制は各メーカーに全販売台数の平均で達成を求める。ガソリン車の比率を下げ、燃費性能が高いEVやプラグインハイブリッド車 (PHV)、燃料電池車などの販売を増やす必要がある。新規制ではEVにも燃費の考え方を導入する。ガソリンが不要なEVは燃料消費をゼロとしていたが、火力発電所では二酸化炭素 (CO2) を排出しており、この分を燃費の計算に加える。EVも1回の充電で走行可能な距離を伸ばすといった性能向上を促す。

経産省によると国内のEV販売台数は17年度で約2.4万台で全体に占める割合は0.5%だった。30年には20~30% (PHVを含む) に高める目標を掲げており、現在の市場にあてはめると年100万台規模になる。

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Far East/Southeast Asia Report

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In Europe, especially in the Czech Republic, Italy and France, Doosan has improved its response by stabilizing new dealer business and expanding the authority of the sales organization.

出典: 日経 <https://www.nikkei.com/article/DGXMZO45623220T00C19A6MM8000/>

PSR 分析: 今回の新たな規制には大きな特長がある。EVのような電池で動き、燃料を消費しないクルマについても、燃費の考え方を導入したことだ。欧州など環境先進国でも未導入のこの手法を日本が先駆けて取り入れた理由として、環境対応を促すことはもちろんだが、日本の自動車産業の国際競争力を向上させようという狙いも無視できない。日本の市場におけるEVの浸透度は欧州や米国と比べるとまだまだ遅れているが、この規制導入が契機となりEVシフトは加速するだろう。またこの規制はEVに限らないため、エンジンモデルの熱効率も更なる向上が必要だ。すでに日産とホンダは熱効率45%を達成したエンジンを持っている。研究レベルだがガソリンとディーゼルそれぞれで50%を達成したという報告もある。こうしたエンジンが搭載された車がEVとの比較で価格競争力を持つなら、エンジンモデルもまだまだ改善され、EVとの競争が進むにつれて、全体としての環境性能は高まる。**PSR**

Far East: South Korea Report

Doosan Infracore Posts 14% growth

Doosan Infracore recorded double-digit growth rates in Q1 2019 in advanced construction equipment markets such as Europe and North America.

Doosan Infracore recorded sales of about 200 billion won (US\$ 168.7 million) in the North American and European markets in the first quarter, up 14% YoY. This compares to the 5% growth rate of the construction equipment market throughout North America and Europe.

Active marketing strategies had a major impact on expanding market share in line with economic recovery in advanced markets. They have strengthened sales competitiveness by expanding the dealer network in the North American market and improving customer customization services. In Europe, especially in the Czech Republic, Italy and France, they have improved their response by stabilizing new dealer business and expanding the authority of the sales organization.

A parts supply center was established in Seattle, USA, to strengthen the parts availability. They are also focusing on building a center to quickly respond to customer orders in the North American and European markets where there is no production base.

This facility reportedly is an assembly facility that completes semi-finished products supplied in Korea. The company plans to establish a customization center in North America by the end of the year to significantly shorten the product supply period.

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Far East/Southeast Asia Report

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The rapid growth of Doosan, Korea's largest construction equipment OEM, stands out even in the solid European and North American markets.

Source: [Korea Economics.com](#) **Read The Article**

PSR Analysis: The rapid growth of Doosan, Korea's largest construction equipment OEM, stands out even in the solid European and North American markets. Since the Chinese market is volatile, Doosan is trying to expand its activities in all directions, including India, Southeast Asia, and the Middle East. This strong performance in the mature North American and European markets should boost Doosan's efforts as it continues to expand its international presence. **PSR**

極東 > 韓国:

斗山インフラコア、欧州・北米で第1四半期14%成長

斗山インフラコアは、今年第1四半期の欧州・北米などの先進建設機械市場で2桁の成長率を記録したことが分かった。

斗山インフラコアは第1四半期の北米・欧州市場で約2000億ウォン(200億円)の売上高を記録し、前年同期比14%成長したと発表した。北米・欧州全体の建設機器市場が5%成長したことに比べれば、市場に比べ約3倍の成長である。斗山インフラコアは、先進市場の景気回復に合わせてシェアを拡大に向け、積極的な営業戦略を展開した効果が大きかったと説明した。斗山インフラコアは、北米市場でのディーラー網の拡大、顧客カスタマイズサービスの向上などの営業競争力を強化してきた。欧州でもチェコ、イタリア、フランスなどで新規ディーラー事業の安定化と販売組織の権限拡大を通じて対応力を高めた。今月は、米国シアトルに部品供給センターを新設し、部品供給能力を強化した。斗山インフラコアは、生産拠点がなく北米と欧州市場で顧客の注文内容に迅速に対応するためにカスタマイズセンターの構築にも力を入れている。この施設は、韓国で供給された半製品を現地顧客の注文内容に合わせて完成する組立施設である。年内北米にカスタマイズセンターを設立し、製品供給期間を大幅に短縮する方針だ。

出典: 韓国経済.com <https://korea-keizai.com/20190423doosaninfracore/>

PSR 分析: 欧州・北米市場自体が堅調な中、斗山の躍進が目立つ。中国市場は浮沈が激しいため、斗山はインドや東南アジア、中近東など、全方位的に活動の幅を拡げようとしている。すでに成熟した市場である北米市場や欧州市場でこの好成績を挙げられたことは、今後の更なるプレゼンス拡大の大きな自信となるだろう。ボブキャットを傘下ブランドに持つ韓国最大の建機メーカーは今後さらにグローバル市場でアクティビティを活性化させていこう。 **PSR**

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Southeast Asia: Myanmar Report

Myanmar's First Auto Auction Helps Polish Used Car Market

The used car website representing Myanmar has partnered with a Japanese trading company to hold the country's first auto auction using fully inspected cars. Rebbiz, operator of CarsDB.com, Myanmar's largest online used-car marketplace, and Japan's Toyota Tsusho expected the two-day auction in March to help improve Myanmar's dodgy used-car market, where around 100,000 vehicles are sold each year -- five times more than new cars.

Caveat emptor is an apt warning when buying a used car in Myanmar, which teems with poorly maintained vehicles for sale. Rebbiz aims to transform this image by requiring that vehicles it lists be thoroughly inspected, with the results made available to prospective buyers.

Asian auto auctions are gradually becoming more high tech, with bids now accepted online in some countries. Rebbiz's auction reflected this trend, as it invited people to submit bids using smartphones. The event was also streamed live over Facebook.

Rebbiz's website showcases about 10,000 cars and draws 200,000 people each month. In the past, secondhand auto dealers only connected buyers with sellers, who often misrepresented the condition of cars. Now, thanks to the tie-up with Toyota Tsusho, sellers must fill in a 200-item inspection sheet that covers everything from scratches and nicks to dents and engine details.

Source: *Nikkei Asian Review* [Read The Article](#)

PSR Analysis: Myanmar's car market is in the stage of forming a full-scale market. Compared to Indonesia, Thailand, and Vietnam, the size of Myanmar's automobile industry is still small, and there is almost no international competitiveness at this point. However, demand is strong and the potential for future development is very high.

The Myanmar government virtually restricted used car imports in 2017 to encourage auto OEMs to produce locally. It allowed only left-hand drive vehicles manufactured after 2015 and substantially banned Japan's right-hand drive imports. With that in mind, new car sales opportunities are increasing.

Public transportation networks such as railways and buses are not developed in the capital Yangon, and motorcycles are prohibited in Yangon city. With the per capita GDP of around US\$ 2,000, the conditions for motorization seem to be in line.

Currently, Suzuki has an overwhelming market share of 54%, but this is the result of many years of persistent efforts, with Suzuki entering the market

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ahead of other companies. It has successfully produced cars and motorcycles since 1999, even under economic sanctions.

All current foreign OEM production bases are CKD or SKD production.

KIA opened a base in 2013 and Ford in 2017. Most recently, in February 2019, a production plant where Korea's Hyundai Motor newly invested around 1 billion yen started operation in an industrial area in northern Yangon. Toyota has decided to build the SKD plant in the Thilawa SEZ.

In fact, new cars are also growing, but demand for second-hand cars is very strong in terms of cost. It is essential to ensure the quality and soundness of transactions; one way to do this is through automobile auctions. **PSR**

東南アジア > ミャンマー:

ミャンマー初のオークションで中古車市場の磨き上げを支援

ミャンマーを代表する中古車のウェブサイトは日本の商社と提携し、完全に検査された車を使った国内初のオートオークションを開催した。ミャンマー最大のオンライン中古車市場であるCarsDB.comの運営者であるRebbizと日本の豊田通商は、3月に2日間のオークションでミャンマーの中古車市場を改善することを期待している。

ミャンマーで中古車を購入する際注意しなくてはならない点として、整備の行き届いていない車が売りに出されている場合がある。Rebbizは、リストに掲載されている車両を徹底的に検査し、その情報を見込み客に提供することで、このイメージを変革することを目指している。

アジアの自動車オークションは徐々にハイテク化されつつあり、一部の国では入札がオンラインで受け入れられており、Rebbizのオークションはこの傾向を反映している。このイベントではスマートフォンを使用して入札者を招待、イベントはFacebook上でライブストリーミングされた。

Rebbizのウェブサイトは毎月約1万台の自動車を紹介し、20万人を集めている。以前は、中古自動車ディーラーは買い手と売り手をマッチングさせただけだった。そして、売り手はしばしば車の状態を誤って表現してきた。今、豊田通商との提携のおかげで、売り手は傷や刻み目からへこみとエンジン詳細まですべてをカバーする200アイテムの検査シートに記入しなければならない。

出典: Nikkei Asian Review <https://asia.nikkei.com/Business/Business-trends/Myanmar-s-first-auto-auction-helps-polish-used-car-market>

PSR分析: ミャンマーの自動車市場はこれからいよいよ本格的な市場を形成する段階にある。もちろん、インドネシアやタイ、ベトナムと比較するとミャンマ

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一の自動車産業の規模はまだ小さく、国際競争力は現時点ではほぼ無いに等しい。だが、需要は強く、今後の発展のポテンシャルは極めて高い。

2017年以前は日本からの輸入中古車がかかなり多かった市場だが、ミャンマー政府は自動車OEMに現地生産を促すために2017年に中古車輸入を実質的に規制した（2015年以降に製造された左ハンドル車のみを許可するとし、日本の右ハンドル車の輸入を実質的に禁止した）。そしてそのことをきっかけに、新車販売機会が増加している。

首都ヤンゴンでは鉄道やバスなどの公共交通網が未整備であり、また二輪車がヤンゴン市内では禁止されている。そしてモータリゼーションの必須要件と言われる一人当たりのGDPが2,000ドル目前という状況であり、自動車市場発展の条件は揃ったように見える。現状はスズキが54%という圧倒的なシェアを持っているが、これはスズキが他社に先駆けて進出し、長年の粘り強い努力のたまものだ。経済制裁下にあった1999年から10年間、自動車や二輪車の生産を行ったことが功を奏している。

外資の生産拠点は現在どこもCKDかSKDである。トヨタはSKD工場をティラワ経済特区に建設することを決めた。直近では2019年2月に韓国の現代自動車が新たに10億円程度を投資した生産工場がヤンゴン北部の工業エリアで稼働を開始した。KIAは2013年に、フォードも2017年に拠点をすでに持っている。

実際には新車も伸びているが、コスト面から中古車需要は非常に強く、上述のようなオークションによって品質と取引の健全性が担保されることはミャンマー国内の自動車市場の更なる発展には必須となる。そうしたサービスが待たれていたこともあり、今後は中古車新車ともに伸長する需要に応じていくことで、部品も含めたサプライチェーンが少しずつ時間を掛けて育っていくだろう。 **PSR**

India Report

By Jinal Shah, Regional Director, South Asia Operations

Hyundai-Kia To Manufacture EVs, Components in India



*Jinal
Shah*

Making a major thrust into the evolving electric vehicle space in India, the Korean majors Hyundai and Kia Motors group is finalizing a local electric vehicle manufacturing plan.

Read The Report

PSR Analysis: The Indian EV market is going through a rough phase caused by the new FAME II scheme with its

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India Report

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The PMP's deadline for traction motors for three wheelers is Oct. 1, 2019, and for two wheelers is April 1, 2020. This would push the manufacturers for local manufacturing of the motors and controllers.

stringent eligibility norms for subsidy and localization requirements. The updated notification from government on localization content with the Phased manufacturing programme (PMP) sets a more relaxed deadline for 50% localization of components. The segment wise PMP sets challenges for immediate local manufacturing of variety of components.

The PMP's deadline for traction motors for three wheelers is Oct. 1, 2019, and for two wheelers is April 1, 2020. This would push the manufacturers for local manufacturing of the motors and controllers. The challenge is to cater the yearly sale of 1.5lakh+ and increasing two wheelers with locally manufactured motors from April 2020.

This certainly invites investments in the electrical domain for manufacturing motor controllers, integrated rear axles, electronic throttles, etc.

Auto Companies Slam Brakes on Production

Car and two-wheeler companies plan to close plants for several days this quarter to reduce unsold inventory. **Read The Report**

PSR Analysis: With passenger car sales hitting seven consecutive months of declining sales and two-wheelers hitting a two-digit decline, inventory levels have reached a high of 45-50 days. Considering this, the OEMs have cut production schedules by 15%-45% in May and June.

We anticipate a further slowdown through the year across automotive segments, owing to several factors including the liquidity crunch due to stressed Non-Banking Financial Companies, the mandatory installation of CBS (Combined Braking System) on two wheelers with engine capacity of up to 125cc and ABS on all two-wheelers with engine capacity above the 125cc mark, increasing cost of ownership due to increased insurance premiums.

It is quite likely to push demand; the dealers and OEMs may offer additional discounts and benefits for the months to come. **PSR**

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Russia Report

By *Maxim Sakov*, Market Consultant, Russia



*Maxim
Sakov*

KAMAZ Starts Project with Daimler

Construction on one of KAMAZ's most expensive projects ever has started in Chelny; €200 million was invested in the plant for making the latest generation truck cabins. The joint venture is owned 50/50- by KAMAZ and Daimler. The plant has been called one of the most advanced in Europe.

Daimler is providing high-end equipment and technologies, and KAMAZ is providing land, infrastructure and communications. The main components are stamped from Russian steel. Production capacity is set at 50,000 cabins per year. They will be used both for KAMAZ and Mercedes trucks. **Read The Article**

PSR Analysis: This is another step by KAMAZ in its implementation of modern Western technologies in Russia, following Cummins, ZF, Liebherr, etc.

Ford Negotiates on Production Site in Vsevolozhsk.

Ford is negotiating with two candidates for the plant in Vsevolozhsk, according to government officials. Regional authorities expect that the plant will continue making cars, but the brand of cars is not known.

Ford does not plan to sell or rent out the plant. Instead, the company is going to negotiate a co-operation agreement. Ford had a valuable package of preferences from the authorities, and they will be valid for the new site operator. **Read The Article**

PSR Analysis: The Russian automotive cluster is still attractive for world OEMs. The question is – who is the next plant operator? Opel?

Yandex Increases Tests of Driverless Cars

Yandex announced it is expanding its test programs of driverless cars on Israel roads. The company is going to increase the number of vehicles in Israel at the same time it increases engineering staff for the project. The company says Israel's tests will improve automated reactions for bikes and scooters. **Read The Article**

PSR Analysis: Yandex is a Russian telecommunication company. Among its assets are an Internet browser and search system. Driverless cars are relatively new business for the company, and its drone cars already can be seen on Moscow streets. **PSR**

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