

Additional Evidence G

Developing markets for cars

General Motors' Daewoo boss Nick Reilly reckons that there is an emerging market for simple, cheap and easy-to-produce cars in developing countries as people come off their bicycles, mopeds and rickshaws and trade up to an automobile. "This is a major industrial shift worth possibly up to 35 per cent of the market in developing countries." In 2004, Renault broke the mould with the Logan, a 5,000 euros (£3,125) four-door saloon built at the rebuilt Dacia factory in Pitesti, Romania, and sold in Eastern Europe, with other plants planned in Russia, Morocco, Iran and Columbia, and a yet cheaper version of the car now planned for China. Toyota has just finished research studies and started to build prototypes of a low-cost car.

The Indian Tata Group has plans to build what it claims will be the world's cheapest four-door, four-seater steel car, with a 600cc petrol engine. It is due for launch in mid-2008 with a projected price of 100,000 rupees (£1,167).

Low-cost cars are going to be the next big thing, and several carmakers think they have the answer. Seeing who is proved right will be very interesting.

Adapted from *The Daily Telegraph*, 31 March 2007, by Andrew English

Is there a market for environmentally friendly vehicles?

Kia's commitment to the environment and its constant desire to improve the efficiency of its models has seen two of its cars, the Rio and Spectra appearing in a recent survey of the top-30 best performing environmentally friendly vehicles. Although the environmental interest of prospective new car consumers is increasing, sales of such new vehicles still remain very low.

The president of Kia motors (UK) Ltd, said "*At the moment our customers want better fuel economy in all of our conventionally powered vehicles. If demand changes we will develop alternatively-powered vehicles with improved fuel economy for the mass-market*".

Adapted from <http://www.carpages.co.uk/kia/kia-rio-14-09-06.asp>



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