

Volvo scripts big plan for Asia-Pacific with Eicher venture

Launch of Qvester truck in Thailand marks phase I of manufacturing synergies

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These are exciting times for Volvo, according to Joachim Rosenberg, Executive Vice-President, Volvo Group Trucks Sales and Marketing and JVs, Asia-Pacific.

He was in India earlier this month for unveiling 11 trucks and buses by its joint venture partner, Eicher Motors.

A couple of months prior to this event, Volvo had launched the Qvester heavy duty truck in Thailand manufactured by its group company, UD Trucks (formerly Nissan Diesel) of Japan. What is interesting is that Qvester has been earmarked as an important part of Volvo's growth strategy for trucks in emerging markets.

TECH PLATFORM

As Rosenberg told *Business Line* during his recent visit to India, the technical platform that builds Qvester will be leveraged in Thailand, China and India. It is this technology which also forms the basis for Eicher's Pro 8000 series (25-49 tonnes) which was unveiled at the Pithampur plant a fortnight ago.

One of the key growth engines for Volvo's Asia-Pacific



Joachim Rosenberg,
Vice-President, Volvo Trucks

strategy will be UD Trucks which worked extensively for over five years on Qvester. This vehicle will have a wide range of applications, from long-haulage and distribution to construction and mining.

With Qvester, Volvo aspires to create a new benchmark that has the best mix of Japanese craftsmanship (UD Trucks), its own strength in global technology, and cost efficiency through local manufacturing and sourcing.

Qvester's initial markets will be Thailand (where it was launched in end-August), Indonesia and Malaysia followed by China and India. It has been positioned as a modern and af-

fordable vehicle designed to serve a wide range of applications with good mileage.

BACK-END OPERATIONS

The alliance with Eicher, VE Commercial Vehicles (VECV), will also have an important role to play at the back-end operations for Qvester. In its third quarter report, Volvo Group's President and CEO Olof Persson has indicated that the India joint venture has now begun making new 5- and 8-litre engines for Qvester.

This could be the beginning of a larger story for VECV as the truck heads out to other Asia-Pacific markets, including China. It is also likely to pave the way for manufacturing synergies with UD Trucks as part of the growth vision for this part of the world.

Since the time Volvo and Eicher decided to join hands five years ago, the roadmap was perfectly clear: to combine the strengths of technology and processes with the Indian partner's skills of frugal engineering. This led to the creation of a manufacturing powerhouse in Pithampur where both the trucks and engines will be a critical part of the global strategy.

This fits in with Volvo's plan to give top priority to its truck business in Asia-Pacific. The company's biggest operation in this region is in Japan where it has nearly 140 company-owned dealerships. The Eicher joint venture is another critical vertical, both for India and ASEAN (the engines are also exported to Europe).

ALLIANCE IN CHINA

Volvo is now all set for China where it is awaiting approval for a strategic alliance with Dongfeng Motor. Rosenberg reiterates VECV is an "important part of the equation" for Asia-Pacific where the Volvo group is looking to create a business of over \$15 billion. "We will be selling over 3 lakh trucks and buses in this region in the not-so-distant future," he says.

With the Eicher joint venture and Dongfeng, Volvo hopes to be the largest heavy duty truck maker in the world. "We expect that to happen very soon," adds Rosenberg.

It will be interesting to see how competition in the form of Daimler, Scania and MAN (both owned by Volkswagen) react to the challenge.

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