

Chinese Car Sales Leave U.S. In The Dust

BEIJING (AP) — Powered by tax cuts and stimulus spending, China's October auto sales soared 72 percent from a year earlier, outpacing U.S. sales for another month, according to data reported Monday.

Automakers sold a total of 1.2 million cars and trucks, the government-sanctioned China Association of Auto Manufacturers announced.

That was down from September's 1.3 million but well ahead of the 838,000 vehicles sold in the United States in October. China's sales this year rose to 10.9 million vehicles, compared with 8.6 million in the United States, according to Autodata Corp.

Global automakers are looking to China's fast-growing market to drive sales amid slack demand elsewhere. Sales have been spurred by tax cuts and subsidies meant to help nurture China's auto industry and encourage purchases of more fuel-efficient vehicles.

Beijing's 4 trillion yuan (\$586 billion) stimulus has helped to prop up spending on cars and other big-ticket items, and lifted economic growth in the latest quarter to 8.9 percent from a year earlier.

China, with 1.3 billion people, has long been expected to overtake the United States as the biggest vehicle market. But the U.S. slump has hastened that shift by depressing American sales while China surged ahead.

Automakers have seen strong growth in sales to first-time buyers in smaller Chinese cities as incomes outside the country's prosperous east coast rise. In the populous countryside, the communist government is spending 5 billion yuan (\$730 million) to subsidize purchases of light trucks and minivans.

Despite China's growth, the October sales were far below the U.S. monthly record of 1.8 million vehicles in July 2005.

General Motors Co. said Monday its China sales in October more than doubled from a year earlier to 166,911 vehicles. It said sales so far this year have surpassed 1.5 million units.

"This has been a year of records for GM in China," said Kevin Wale, GM China Group president, in a statement.

On Friday, Daimler AG said its Mercedes Benz unit's China sales soared 83 percent in October from a year earlier to 6,400 vehicles. It said sales for the first 10 months of the year rose 55 percent to 50,700 units.

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China's biggest auto makers are GM and Germany's Volkswagen AG but ambitious Chinese automakers such as Geely Automobile Co., Chery Automobile Co. and BYD Co. have taken significant market shares.

Chinese exports are rising but no domestic producer has managed to meet U.S. safety standards. Most Chinese exports go to other developing markets in the Middle East, Latin America and Africa.

A Geely-led consortium has been picked by Ford Motor Co. as the preferred buyer for its Swedish unit Volvo Cars, which give a Chinese automaker a prominent global presence for the first time. BYD has backing from billionaire American investor Warren Buffet's MidAmerican Energy Holdings Co.

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