Chinese Auto Sales Dip From March, Still Show Big Growth

Elaine Kurtenbach, AP Business Writer

SHANGHAI (AP) — The surge in China's auto sales has begun to falter with growth in passenger car sales for April easing to just over half the previous month's increase.

There were 1.11 million passenger cars sold in April, up 34 percent from a year earlier, the state-affiliated China Association of Automobile Manufacturers said Monday. Sales had jumped 63 percent in March from a year earlier.

The slowing in demand was expected after a shift into overdrive last year thanks to an aggressive government subsidy and tax cut plan to help revive the industry from a slump that hit in late 2008.

April's car sales were down 12 percent from the 1.26 million sold in March,

Total sales growth for the year is forecast at between 15 percent and 17 percent, according to most industry experts.

CAAM said sales of all vehicles totaled 1.56 million, while sales in January-April climbed 61 percent from the same period of 2009 to 6.2 million. First quarter sales had risen at an annual rate of 72 percent.

"Sales growth will certainly slow down in the rest of this year, fluctuating around 20 percent, thanks to continued stimulus policies," said Wei Chenggang, an auto analyst at Shanghai Securities, in Shanghai.

Feeble sales in the United States and a surge in car buying by newly affluent Chinese helped make China the world's largest auto market last year, when total sales jumped 45 percent over 2008 to 13.6 million vehicles.

American car sales are recovering but cannot keep pace with the growth in China, where many families have rushed to take advantage of the subsidies for purchases of small, energy-efficient cars, while others have traded up to bigger vehicles.

U.S. sales rose 20 percent over a year earlier in April, with most major automakers posting double-digit gains, according to AutoData Corp. But sales slipped 8 percent from March, when Toyota launched record-high incentives after a spate of safety recalls.

China's auto industry does not release comparable monthly sales data adjusted for annual rates.

Automakers recognize that last year's "blowout" was out of the ordinary, said the

state-run newspaper Global Times in an article Monday.

"It's impossible for people to buy autos like they buy radishes or cabbages, and for most people autos are still precious goods requiring careful calculations and budgeting," it said.

China has kept many of its stimulus measures in place, despite the economy's return to solid double digit-growth, which hit nearly 12 percent in the first quarter.

"To meet its targets for economic growth, the government will keep the positive policies for the auto sector, especially since the real estate industry has taken a heavy hit," Wei said, referring to efforts by regulators to cool the overheated property market.

The majority of car sales in China are by joint ventures with big global automakers, although domestic car markets are swiftly increasing market share.

General Motors Co. and its joint ventures earlier reported their sales jumped 41 percent in April from the year before to 213,115 vehicles, the 16th consecutive month of record sales.

GM's sales at its venture with Shanghai Automotive Industry Corp., or SAIC, surged 62 percent to 89,562 vehicles in April, while SAIC-GM-Wuling reported sales climbed 19 percent to 113,633 units.

Cadillac and Chevrolet brands saw sales more than double from a year earlier, GM said.

Ford Motor Co. reported that its joint venture Changan Ford Sales Co. raised sales by 38 percent over a year earlier to 26,598 vehicles.

Among other top manufacturers, Volkswagen AG's venture with SAIC sold 72,922 vehicles, while its venture with FAW Group said sales totaled 72,266.

Chery Automobile Co. was the biggest solely domestic manufacturer, reporting 50,144 vehicles sold, while BYD Auto, a battery maker that branched into auto manufacturing, sold 45,110 vehicles, the Passenger Car Association reported.

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Associated Press researcher Ji Chen contributed to this report.

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