GM: China A Better Market Than The U.S.

SHANGHAI (AP) — General Motors Co. says its first-half sales of vehicles in China overtook the U.S. for the first time amid a fitful recovery in American demand.

The 1.21 million GM-brand vehicles sold in China in January to June — a near 50 percent gain over a year earlier — compared with 1.07 million sold in the U.S. market, according to figures released separately by GM's U.S. and international headquarters.

The shift reflects GM's growing reliance on stronger growth in emerging markets, especially China, to offset sluggish sales back home.

The recovery in U.S. auto sales this year has been fitful, with month-to-month sales falling as many times as they rose. Sales of GM's four core brands rose 36 percent in the first half of the year over a year earlier in the U.S., but were down 12 percent in June from the month before, at 195,000, the company said.

In China, where first half auto sales figures for the entire industry are not due until next week, demand has begun to moderate but remains strong. Passenger car sales rose 55 percent in January-May to 5.7 million vehicles, while total vehicle sales rose 53 percent to 7.6 million.

Last year, China sped past the U.S. to become the world's largest auto market, with 13.6 million vehicles sold, as consumers with rising incomes responded to government tax cuts and subsidies aimed at encouraging purchases of small, energy efficient vehicles.

By contrast, U.S. sales of cars and light trucks plunged 21 percent in 2009 to 10.4 million as a shaky economy kept buyers away from showrooms.

Last year, GM's global sales overtook the home market as U.S. demand languished. Sales in China by GM and its partners surged 67 percent over a year earlier to a record 1.8 million vehicles. But while GM's U.S. sales fell 30 percent from a year earlier, they still exceeded its China sales at 2.08 million units.

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