GM Agrees To Deepen EV Cooperation With China

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SHANGHAI (AP) — General Motors Co. agreed Tuesday to deepen cooperation with its flagship Chinese partner on development of electric vehicle know how amid pressure from Beijing to hand over proprietary technology.

Investments and other details of the plan were not provided, and it was unclear if the agreement was the result of a renewed push by China to acquire advanced technology its own automakers still lack.

GM is due to launch sales of the Chevrolet Volt electric car in China later this year. But its market prospects are clouded by the possibility Beijing may withhold hefty new energy vehicle subsidies unless GM satisfies the technology demands.

The issue has raised complaints from U.S. lawmakers who contend such requirements are unfair and may violate world trade rules.

The cooperation agreement was signed during a meeting of the U.S. automaker's board in Shanghai — a visit underscoring China's importance to the company's future.

"We can accomplish far more by working together than we can by working separately," Tim Lee, president of GM International Operations, said as GM and state-owned partner Shanghai Automotive Industrial Corp. signed an agreement on developing a next-generation electric vehicle platform.

The agreement "to co-develop electric vehicle architecture is further proof of GM's and SAIC's plan to lead the auto industry in new energy vehicle technology," he said, describing the plan as a "very aggressive and challenging project."

Tuesday's agreement follows an earlier memorandum of understanding on GM-SAIC cooperation signed in November.

The choice of China for the board meeting reflects the country's crucial status as the world's biggest market for sales of new vehicles, despite a recent decline from double-digit growth.

GM's chairman Dan Akerson met Monday with more than 700 employees at GM's campus in Shanghai's eastern suburbs.

Shanghai is the site of GM's international headquarters and its highly successful venture with state-owned SAIC, which on Monday rolled out the 5 millionth vehicle since production began in late 1998.

The push for more advanced technology reflects China's frustrations with its continued weakness in automotive technology, analysts say. After 25 years of auto joint ventures that require local partners to hold at least a 50 percent stake, domestic automakers still lag behind their global rivals as they struggle to master the complexities of 21st century automotive engineering.

"China is not a technology leader in virtually any industry. The country has developed around low cost production," said Bill Russo, president of the consultancy Synergistics Ltd.

"This is the irony, that the largest and biggest growth market has relatively weak domestic manufacturers," he said.

An explosion in Chinese demand and sluggish sales in the recession-stricken West helped China overtake the U.S. as the largest car market in 2009. Last year, sales of passenger vehicles, excluding large buses, jumped by a third to 13.7 million vehicles.

Although growth in the overall market has slowed in recent months, GM's sales in China still jumped 13.4 percent in August from a year earlier to a record 205,885 vehicles for the month.

A large share of the company's growth has come from sales of its minivehicles in another venture, SAIC-GM-Wuling. But strong demand for foreign-brand sedans and sport-utility vehicles has also helped.

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