China Passenger Car Sales Up 4.5 Percent

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SHANGHAI (AP) — China's passenger car sales rose a modest 4.5 percent in March from the year before as automakers cut prices to counter slack demand.

The 1.4 million passenger cars, including SUVs and minivans, sold in March was up from 1.16 million in January and 1.21 million in February, according to figures Wednesday from the China Association of Automobile Manufacturers.

In January-March, passenger vehicle sales in the world's largest market for new autos fell 1.3 percent to 3.77 million vehicles.

Double-digit annual growth in vehicle sales over the past decade has dropped to the low single digits as China's economy has slowed, though global automakers have generally fared well compared with their Chinese rivals. Prices are meanwhile beginning to fall. The report by the CAAM noted a downward trend for profits as well as the value of sales and output.

General Motors Co. earlier reported its sales in China rose 8.7 percent in the first quarter, to a record 745,152 vehicles.

Sales of all vehicles in March rose a scant 1 percent, to 1.84 million vehicles, while output climbed to nearly 1.89 million vehicles, the CAAM reported. First quarter sales of all vehicles slipped nearly 4 percent to 4.79 million.

"March's figure is not all that bad. At least it rose year-on-year. But the fact that sales were less than production is not a good sign," said Zhang Xin, an analyst at Guotai Jun'an Securities, based in Beijing.

Automakers have continued to ramp up capacity aimed at meeting potentially vast demand among Chinese who have yet to buy their first cars. But with output already exceeding sales, excess capacity is pressuring companies to lower prices.

Analysts say a slowdown in property sales is one key reason for recent relatively weak growth. Many first time car buyers are families moving from downtown areas to homes in city suburbs that tend to lack easy access to public transport.

Rising fuel prices, the expiration of subsidies and tax cuts for energy saving vehicles late last year, and restrictions on auto purchases by cities whose roads are becoming impossibly jammed are other factors behind the slowdown.

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