China Auto Sales Fall As Japanese Brands Shunned

Joe McDonald, AP Business Writer

BEIJING (AP) — China's auto sales shrank in September as a territorial dispute with Tokyo prompted buyers to avoid Japanese brands, hurting already weakening demand.

Sales of passenger vehicles declined 0.3 percent from a year earlier to 1.32 million units, the state-sanctioned China Association of Automobile Manufacturers said Wednesday.

The group blamed the tensions with Japan but the decline also reflects the impact of China's deepest economic slowdown since the 2008 global crisis. Sales in some cities have been hurt by local measures to control congestion by liming new registrations.

Sales growth in the world's biggest auto market by vehicles sold has declined from June's 15.8 percent to 11 percent in July and 3.7 percent in August.

In September, sales of Japanese vehicles plunged as the dispute between Beijing and Tokyo over a group of uninhabited islands in the East China Sea prompted buyers to avoid Japanese showrooms.

"The decline of Japanese brands is the most important factor in the downturn of the passenger car market this month," said a CAAM statement.

Toyota Motor Corp. said its sales in China declined 48.9 percent from a year earlier. Nissan Motor Co. said sales slid 35.3 percent while Honda Motor Co.'s were down 40.5 percent.

That slump is hurting China as well, because many Japanese vehicles sold in this country are produced in local factories with components bought from Chinese suppliers. Japanese automakers temporarily closed some of their China factories and have reduced production after reopening.

Even without the tensions, sales growth is weakening, said Jia Xinguang, an independent auto analyst in Beijing.

"The situation is still grim," said Jia.

Among foreign automakers, General Motors Co. said it set a new September sales record of 244,266 vehicles but growth slowed to 1.7 percent over a year earlier. Ford Motor Co. reported a 35 percent rise in sales to 59,570 vehicles.

Total vehicle sales declined 1.8 percent in September to 1.62 million, according to CAAM.

In the nine months through September, passenger car sales rose 7 percent over a year earlier to 11.3 million vehicles, while total auto sales rose 3.4 percent to 14.1 million vehicles.

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