

Daimler Buys Stake In Chinese Automaker BAIC

The Associated Press

BEIJING (AP) — German luxury automaker Daimler AG said Friday it is buying a stake in the passenger car unit of its main Chinese partner to expand its presence in the world's biggest auto market.

Daimler said it will pay 640 million euros (\$875 million) for 12 percent of BAIC Motor, a unit of Beijing Automotive Industries Corp., with which it manufactures Mercedes Benz cars. Daimler said the investment was in preparation for a possible initial public stock offering by BAIC Motor.

"Our investment is a strong sign of the increased level of trust and cooperation between our two companies and clearly emphasizes the long-term commitment to a joint successful future," said Daimler chief executive Dieter Zetsche in a statement.

China's auto sales rose 7.1 percent in 2012 to 15.5 million vehicles as an economic recovery gained traction.

Daimler said the deal makes it the first global auto brand to own a direct stake in a Chinese automaker. All major automakers have joint ventures with Chinese partners but until now have avoided such cross-ownership.

The agreement will give Daimler two seats on the board of BAIC Motor. The companies also agreed to increase BAIC's ownership stake in their production joint venture by 1 percent to 51 percent, allowing it to consolidate the unit's financial results in its own ahead of the IPO. In exchange, Daimler will increase its stake in their sales joint venture by 1 percent to 51 percent.

Daimler's sales in China last year of its Mercedes-Benz, Smart, AMG and Maybach brands rose 4 percent over 2011 to 206,150 vehicles.

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