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## GM Leads U.S. Carmaker Gains in China as Honda Motor's Deliveries Decline

By Bloomberg News - Jan 9, 2012

[General Motors Co. \(GM\)](#) and [Ford Motor Co. \(F\)](#) reported record car sales in China last year, outpacing Japanese rivals hurt by production disruptions from the March 11 earthquake and [Thailand's](#) floods.

Deliveries to Chinese dealers climbed 8.3 percent from a year earlier to 2.55 million vehicles, Detroit-based GM [said](#) in a statement yesterday. Ford said its sales grew 7 percent to 519,390 units. [Toyota Motor Corp. \(7203\)](#), Japan's biggest carmaker, said last week that China sales rose last year at the slowest pace since at least 2004 and [Honda Motor Co. \(7267\)](#) yesterday reported its first ever annual decline in deliveries in the country.

GM, which received a \$50 billion bailout from the U.S. government in 2009, sold an average of one car or truck every 12 seconds in the world's largest car market last year as it started a five-year rollout of more than 60 new and upgraded models in [China](#). Japan's earthquake and tsunami affected suppliers for many Japanese automakers, with many also shutting plants in Thailand after the worst flooding in almost 70 years.

"It's clear that Detroit is undergoing a resurgence even as the Japanese automakers grapple with a terrible 2011," [Ashvin Chotai](#), London-based managing director for Intelligence Automotive [Asia](#), said in a telephone interview. "In China, GM and Ford have been fairly aggressive with new models."

### China Sales

Industrywide deliveries for 2011 may have risen 3 percent to 5 percent, the least in 13 years, according to the China Association of Automobile Manufacturers, which is scheduled to release annual figures this week. Sales growth slowed after the central bank raised borrowing costs to tackle inflation and the government phased out subsidies, rebates and a sales tax break on vehicle purchases.

GM expects growth in China this year to be similar to last year because the company has "a lot of of launches," Tim Lee, president of international operations, said today during an interview at the North American International Auto Show in [Detroit](#).

Changes made by the government to influence automotive investment in China will probably be “no big deal,” he said.

Last month, China said it will end a seven-year policy to encourage foreign investment in the automotive manufacturing industry on Jan. 30 to allow for “healthy development.” The announcement comes two weeks after the country said it would impose anti-dumping duties on some vehicles imported from the U.S. after failing to block a U.S. tariff on Chinese tires.

## Regaining Lead

The record China deliveries for the American carmakers add to the best year for U.S. industry auto sales since 2008, when GM and Chrysler Group LLC sought U.S. bailouts. GM, Ford and Chrysler all gained share in 2011, ending the year controlling a combined 47.1 percent of the U.S. market, up from 45.2 percent in 2010, according to Autodata Corp., a [Woodcliff Lake](#), New Jersey-based research company.

GM also reclaimed the top spot in world vehicle sales from Toyota last year, which it fumbled away to the Japanese carmaker in 2008 as the Detroit giant careened toward bankruptcy.

The George W. Bush administration provided GM with cash, starting with \$4 billion on Dec. 31, 2008, that kept the automaker solvent until the Obama administration could manage the 2009 bankruptcy.

GM's stock has risen 13 percent this year in New York trading, compared with an 8.8 percent gain for Ford. Toyota has advanced 2.9 percent in Tokyo trading, while Honda's shares are up 4.5 percent.

## Doubling Deliveries

In China, GM aims to double deliveries to 5 million units by 2015, and plans to focus on expanding its luxury car brand Cadillac and its sport-utility vehicle lineup.

Shanghai GM, the U.S. carmaker's sedan venture with [SAIC Motor Corp. \(600104\)](#) that produces Buick and Chevrolet-brand cars, boosted full-year sales 16 percent to 1.2 million vehicles. In 2010, GM sales in China climbed 29 percent to 2.35 million units.

“GM stayed ahead of the competition despite a slowdown in the growth of industry demand thanks to our broad portfolio of appealing vehicles,” [Kevin Wale](#), GM's China president, said in a statement.

In response to slowing demand for mini commercial vehicles, GM cut the price of its Wuling Sunshine light trucks, which retail at about \$4,400, from May. The automaker also rolled out its local sedan brand Baojun to target first-time buyers in inland provinces and less developed cities.

Ford, which is adding four new plants in China with its partners, posted a 25 percent increase in sales of its Mondeo sedan last year, while deliveries of the Focus hatchback rose 10 percent in the country, according to a company statement. Sales at Jiangling Motors Corp., its commercial vehicle venture, rose 9 percent to 194,588 units in 2011.

## ‘Sustainable Growth’

“Ford is on track to deliver on its promise to bring 15 new vehicles to China by 2015,” David Schoch, chairman and chief executive officer of Ford Motor China, said in the statement. “Ford expects sustainable growth moving forward in China.”

Honda’s sales in China fell 4.5 percent last year to 617,764 units, the company said in a statement. The March earthquake in [Japan](#) resulted in a parts shortage that affected production in China, Zhu Linjie, a Beijing-based spokesman for the carmaker, said by telephone.

“The Americans capitalized on the setbacks suffered from the supply constraints of the Japanese and also benefited from the growing strength of their brand,” said [Michael Dunne](#), head of Dunne & Co., a Hong Kong-based industry researcher.

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