

Cars sales up 11,2% in China

BEIJING, CHINA: Car sales in China, the world's largest car market, increased by 11.2% year-on-year in June, an industry group said Wednesday (10 July).



A total of 1.75m vehicles were sold in the country last month, marginally lower than 1.76m in May, data from the China Association of Automobile Manufacturers showed.

In the first half of the year, car sales rose 12.3% year-on-year to 10.78 million, it said.

China's car sales rose 4.3% annually to 19.31m in 2012, hit by limits on vehicle licence plate numbers imposed by some cities to ease traffic congestion and tackle pollution.

China's economic rise has been accompanied by a surge in demand for vehicles, including luxury ones, as the country's increasing wealth gives consumers more money to spend.

China became the world's largest car market in 2009. Of the more than 19m vehicles sold last year, 15.5m were passenger cars.

New plants

US manufacturer General Motors announced last month it would invest US\$11bn in China until 2016 as the US car giant broke ground on a plant to produce luxury Cadillacs.

The capital expenditure includes the cost of building four new plants, including the US\$1.3bn Cadillac factory in Shanghai, GM officials said.

And in May German company Volkswagen broke ground on its new plant in the central city of Changsha, due for completion at the end of 2015. It will have an annual output of about 300,000 cars.

Consulting firm McKinsey forecasts China's passenger car market would grow by an average of eight percent a year until 2020, when sales will reach 22m. That would be well down from a 24% average between 2005 and 2011.

The weaker growth comes amid a slowing of the overall economy and the limits on vehicle sales put in place by some Chinese cities.

The economy grew 7.8% in 2012, its worst performance in 13 years, on the back of slacker demand for exports and economic weaknesses in the local market.

The government has set a growth target of 7,5% for 2013, the same level as last year's figure as China looks to change its economic model from a focus on exports to greater domestic consumption.

Source: AFP via I-Net Bridge

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