

General Motors is building a plant in China

SHANGHAI, CHINA: Chinese authorities have approved a US\$1.3bn General Motors plan to make luxury Cadillac cars, the US auto giant said on Tuesday (7 May) as it seeks to boost sales of its premium brand cars in the world's biggest vehicle market.



Construction of the plant, which will have annual capacity of 150,000 vehicles, will start in June in the commercial hub of Shanghai, GM China said in a statement to AFP.

It will be run by Shanghai GM, a joint venture with China's SAIC Motor.

"Shanghai GM has received the National Development and Reform Commission's approval to build a Cadillac plant," the statement said.

The huge investment shows that GM, the largest US car manufacturer, is keen to secure a larger share of China's rapidly-growing luxury vehicle market, in which German brands hold an estimated 80% of the market.

Analysts say GM is a laggard in the luxury segment, one of China's fastest growing and most profitable sectors, given rising incomes in the country.

GM launched a Cadillac sedan, the XTS, in China earlier this year.

The company plans to introduce one new Cadillac model each year until 2016 to boost annual sales of the marque from 30,000 vehicles last year to 100,000 by 2015, a top GM official said last month.

"Our longer-term goal is to take Cadillac's share of the luxury car market to 10% by 2020," GM China president Bob Socia said.

GM's total China sales rose 11.3% last year to a record 2.84m vehicles, according to the company.

China's market for "premium" cars, costing up to US\$190,000, was 1.25m vehicles last year, second only to the United States, according to consultancy McKinsey.

Source: AFP via I-Net Bridge

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