**Chevrolet Sales in China**

**Cailyn Cochran | May 17, 2017 | How to Do Business in China**

China is known to be the world’s largest automotive consumer market.Until recently, General Motor’s Chevrolet has struggled in some parts of China. Now GM’s largest market is in China, while sales continue to decline in the U.S. While the General Motors sales continue to increase, Chevrolet has experienced a decline in sales for the second straight year. In 2015, Chevrolet sales were down 14.2 percent from the previous year. The company blames this decline on the model changeover. To compensate for this decline, General Motors plans to introduce 20 new models to the Chinese market by the end of 2020 (<http://www.detroitnews.com/story/business/autos/general-motors/2017/01/05/china/96200326/>).

Another factor in Chevy’s decline includes local Chinese brands market more refined and competitively priced vehicles, challenging foreign brands. Chevy’s performance in China is also overshadowed by GM’s Buick sales in China. General Motor’s renowned Chevy Bolt will be sold in China as a Buick Velite 5. This is due to Buicks popularity and the big push for electric powered cars in the worlds biggest automotive market. While Chevy is known for its SUVs, Chinese consumers continue to show more interest in domestic brands. China’s own brands are closing the gap between domestic and foreign competitors with their lower prices, higher quality, and better designs. General Motor’s is hoping their introduction of the Equinox to the Chinese market will help with the Chevrolet sales in China. (<http://www.foxbusiness.com/features/2017/04/20/gm-plans-push-for-chevy-in-china-wsj.html>).

In addition, Chevy’s sales decline could be a result of tax increase on certain vehicles. Earlier this year, the Chinese government decreased the purchase tax rate on vehicles with 1.6-liter engines or lower from 10 percent to 5 percent. However, the government recently increased the tax rate up to 7.5 percent. Sales for January 2017 have seen an impact from this tax increase. (<https://finance.yahoo.com/news/gm-ford-witness-china-sales-201851289.html>).

As mentioned in the New York Times, Keith Bradsher explains a broader idea of Chevy’s struggle in China. While known to be an American brand, one may assume Chinese will see it as a luxury. On the other hand, Chinese want new products to not just be made in China, but designed in China as well. “But China’s rampant copying of everything from movies to auto part designs makes it hard for American companies to profit even by licensing their ideas ” (Bradsher, 2005). This topic relates to a later dispute between GM Chevrolet and Chery, a Chinese domestic car brand. In this dispute Chery had launched its mini car model The QQ, months before GM’s planned launch of the Chevy Spark. This was a big roadblock for GM because the Chery was priced much cheaper, and was clearly a knock off of GM’s Matiz.