

China Auto Group Says Sales in 2013 May Reach 20 Million

China vehicle sales, including those of cars and buses, may rise about 5 percent this year and reach 20 million units, spurred by a rebound in economic growth and rising incomes, an official said.

Total auto sales, which includes passenger and commercial vehicles, rose “four to five percent” in 2012 to about 19 million units, Ye Shengji, deputy secretary general of the state-backed China Association of Automobile Manufacturers, said in an interview today, citing his personal opinion. Competition will probably intensify, with foreign automakers likely to increase incentives to gain market share, he said.

“China’s auto sales will retain stable growth along with the economy,” said Ye, who spoke at a forum in Hainan, China, today. “Local automakers will face bigger challenges on maintaining and growing their market share.”

While China’s auto industry will continue to expand to a record this year, the projected pace of growth has slowed to about a quarter of the average pace in the past 14 years, according to data compiled by Bloomberg. Volkswagen AG (VOW) will vie with General Motors Co. (GM) for the lead among foreign automakers in a market that IHS Automotive and Macquarie Group Ltd. project will eclipse the combined sales of the U.S., Germany and Japan by 2015.

“No automakers can afford to fail here,” said Vivien Chan, a Hong Kong-based analyst at Oriental Patron Holdings. “Automakers from luxury carmakers to compact-car makers will have to fight more fiercely this year with more attractive products and pricing.”

China Sales

VW, whose luxury Audi sedans are popular with Chinese bureaucrats, hasn’t held the lead in China since 2004 and will probably sell 2.7 million vehicles in the country this year to GM’s 2.65 million, helped by eight new or revamped models including the Santana, Golf, Skoda Octavia and Audi Q3, according to industry researcher JSC Automotive Consulting. GM’s new offerings include the Cadillac XTS and three Opel models.

China should strive to become an “automotive superpower” to maintain economic growth, by increasing investment in research and encouraging official use of local brands, Dong Yang, secretary general of the auto association, said on his blog this week.

Chinese automakers spend less than 2 percent of revenue on research and development, or about half the global average, according to Dong. The government should offer incentives to encourage research and adopt local brands for official use, he said.

The automobile association is scheduled to release the December and full-year sales figures tomorrow.