

GM Sees Brazil Sales Growing at Same Low Pace Next Year

Brazilian auto sales growth next year is likely to be as sluggish as this year, General Motors' (GM) Latin America chief said Monday.

Brazil's market, which will likely end the year with growth of 2% to 3% from 2011 levels and sell 3.75 million vehicles, is likely to grow another 2% or 3% next year, GM's Jamie Ardila said.

At the end of last year, Mr. Ardila said growth in Brazil would be "minimal," reaching 1% or 2% as the region felt the effects of the global economic downturn. Brazilian sales slumped at the start of the year as auto credit dried up, and the government responded by slashing taxes. As a result, the government managed to secure growth for this year; sales were up 4% on the year at the end of September, and automaker association Anfavea expects growth of as much as 5% by year-end.

But while overall sales may be leveling off, Mr. Ardila said the luxury car market in Brazil is taking off. Mr. Ardila said that there are plans to reintroduce the Cadillac brand in Brazil to take advantage of the increased demand for luxury vehicles. But GM has no plans to build the car in Brazil, as the scale of demand is too small to justify such an investment. GM will already have to invest heavily to meet new auto industry rules that demand research and development in Brazil, as well as improved vehicle efficiency.

The company spent about BRL5.5 billion (\$2.7 billion) in the five-year period ended 2012, a bit more than the BRL5 billion it had planned. Mr. Ardila declined to say whether the next five-year investment cycle will involve more money. "I don't have the number yet. In the first half of next year we should have our investment plan ready," he said.