



## General Motors expects growth in China



As the US car boom begins to ebb, American auto giant General Motors is eyeing growth in China as an even more crucial component of its business.

GM auto sales in China through the first eight months of the year jumped 8.1% to 2.38 million, compared with a 4.2% drop to 1.96 million in the US.

That included 293,537 cars sold in August, a monthly record and up 18% from the year-ago period.

"It has been a surprisingly strong year," said Matt Tsien, president of GM China. "We were expecting growth in the sort of low-to-middle single digit range compared to last year. So far, this year has been running a little bit stronger than that."

GM employs 58,000 in China, where it sells sport utility vehicles, as well as cars under its Chevrolet and Buick brands. The latter has a particularly storied history in the country, as the vehicle of choice of Sun Yat-Sen, China's first president.

GM has also targeted China as a venue for its luxury Cadillac line.

GM expects industry wide auto sales in China will reach 30 million by 2020, up from 25.1 million in 2015, Tsien said.

Growth is expected due to rising demand in rural parts of China and midsized cities that are poised to take off. GM has targeted middle-income buyers in these regions through joint ventures with SAIC sold under the Baojun and Wuling brands.

GM in 2014 announced plans to invest \$12 billion in China over three years. It intends to launch 60 models over the next five years and expects a 65 percent increase in production capacity in the country.

A key challenge for GM is the rising competitiveness of Chinese companies such as Great Wall, Changan Automobile, BAIC Motor and Dongfeng, which are selling better due to greater confidence in the vehicles' reliability. These companies have lower labor

and material costs than GM.

GM has been forced to increase spending on promotions in China to compete with

these brands, said Rebecca Lindland, an analyst at Kelley Blue Book.

The operating margin of GM ventures in China fell to 9.5% in the second quarter from 10.2% a year earlier. That translated into equity income of \$471 million down from \$503 million.

"The overall market has been very competitive," Tsien said. "There has been some downward pressure across the entire industry."

GM's efforts to counter this trend include launching ten energy-efficient vehicles in China. GM also is eyeing ride-sharing as a potential growth area.

An overarching goal is to keep the crown of biggest foreign automaker in China, a title GM seized from Volkswagen in 2015.

## ZF to set up India Technology Center in Hyderabad

German car parts maker, ZF Friedrichshafen AG, is setting up an India Technology Center in Hyderabad which will focus on software and mechanical engineering.

The new Technology Center will support ZF's global development teams while enabling the company to ramp up on local product development.

"This new facility is a significant investment for ZF in India. We are harnessing the skilled talent pool that India has to offer in order to develop superior technology solutions for our global as well as local customers," said Dr Stefan Sommer, CEO of ZF Friedrichshafen AG.

Over the years, ZF has localized advanced technology products in India. "As demand for software engineering grows, we will exponentially increase our capacity to help meet our customers' growth aspirations. With this Technology Center, we are reinforcing our global R&D footprint as well as our commitment and investment in the rapidly emerging Indian market," he added.

The company has around 13,800 engineers currently working in R&D globally. The research and development network consists of more than 100



development locations, including 17 main development locations.

The India Technology Center will be fully operational by 1st January 2017 and is expected to have a work force of 2,500 engineers by 2020.

Mamatha Chamarthi, Senior Vice President and Executive Lead for the new India Technology Center said, "ZF has an impressive history of being the leader and innovator in the auto component sector. We have 1,000 external engineers in the field of electronics, software and mechanical engineering with key Indian Engineering Services providers in Pune, Bangalore and Hyderabad. Our ZF India Technology will build on this engineering foundation, and focus not only on bringing advanced technology to India, but localizing more strategic business activities including research, design and development."