

China considers policies to promote auto sales



Cars on sale at the Zhengzhou Auto Show on October 31, 2008. China's government is discussing policies to help automakers boost sales and fend off the global financial crisis.[Aslannewsphoto]

China's government is discussing policies to help automakers boost sales and fend off the global financial crisis, according to the country's top planning agency.

The government is analyzing policy options including consumption-tax breaks and subsidies to automakers that develop vehicles powered by alternative energies, Chen Jianguo, deputy head of the industrial coordination department of the National Development and Reform Commission, told a conference in Tianjin on Saturday.

Chinese automakers are facing their toughest challenge in three years as demand is falling and profitability is plunging amid rising costs. The country's auto sales fell in August and September as a 64 percent stock-market slump and the economic slowdown curbed demand.

The government held a meeting in Beijing on Saturday of more than 10 automakers to gather industry suggestions, Chen said. "It is possible the government may announce policies" to help revive the industry, he added.

Chinese carmakers have been forced to slash prices, even as steel costs have risen, to compete among the 52 brands on sale, the most in any country. SAIC Motor Corp, China's biggest automaker, had a 78 percent drop in third-quarter profit. Chongqing Chang'an Automobile Co, the Chinese partner of Ford Motor Co, had a third-quarter loss of 107 million yuan (\$15.67 million), compared with a 68.4 million yuan profit a year earlier.

China's car sales rose 11 percent in the first nine months, compared with a 22 percent increase for the whole of last year.

The government is also urging automakers to take advantage of a reshuffle in the global automobile industry and speed up development of vehicles using alternative energies, Chen said.

China's government will help automakers with technology and financial support to make progress in the area of electric cars, Chen added.

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