Strategies and Performances of European Carmakers in China under the Shadow of the Global Financial Crisis

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Introduction

At the turn of the twenty-first century, the Chinese government showed its ambition in the automotive industry by planning a production volume of approximately 10 to 15 million units by the end of 2020 (Donnelly, 2008). This plan was proved to be extremely conservative given the remarkable growth of China’s automotive sector in recent years, for example, an annual growth rate of over 8 per cent for the ten years up to 2008 (see Figure 6.1). In 2009, the Chinese market exploded, recording annual growth of 48.30 per cent, equating to an increase of around 4.15 million vehicles (China’s auto industry analysis report, 2009). It produced 18.26 million vehicles in 2010 (China’s auto industry analysis report, 2010). In the 1990s, heavy vehicles occupied a huge proportion of China’s vehicle output portfolio. However, since 2000, China’s growth has been led mainly by an increase in passenger cars, which now account for more than 76.2 per cent of its annual vehicle production (see Figure 6.2). China took only 3.5 per cent of global production volume in 2000; by 2010 this figure had risen dramatically to 23.5 per cent, significantly above China’s percentage share of the world population (19 per cent) (see Figure 6.3). The impact of the Chinese automotive market lies not only in its dramatic rise in global share, but also the fact that Chinese automotive firms have invested abroad and acquired foreign brands and assets on an unprecedented scale (as shown in Chapter 5 of this book by Amighini, ‘Chinese FDI in the European Automotive Sector’).

What is of particular interest in relation to the Chinese automotive industry is that it has been founded almost entirely on Sino-foreign joint ventures, that is, foreign carmakers from Europe, Japan and the USA have played crucial roles in the development of the Chinese automotive industry. The meteoric growth of China’s automotive industry has aroused much attention from academics and industry analysts across the globe. While the American carmakers and their Japanese rivals have been competing fiercely...
**Figure 6.1** Total automotive production in China in the last ten years  
*Source:* China Association of Automobile Manufactures (CAAM).

**Figure 6.2** The change of automotive industry structure in China in the last ten years  
*Source:* China Association of Automobile Manufactures (CAAM).

**Figure 6.3** China’s share in global automotive production in the last ten years  
*Source:* The International Organization of Motor Vehicle Manufacturers (OICA).