Moving on wheels

WEEKEND RUMINATIONS

TH I R N A M

Cars tell the story of global power shift

What's good for General Motors is good for the US. Or so the old saw runs. But for the US to dominate the problems of the old, established economies, just look at their car sales. For the US, it’s worth over 1 billion dollars, in 2010. In the same vein, the old established economies have slipped back to the car sales levels of over 15 years, at 1.9 billion. This is not quite as bad as 2011 might be, but it is still a cause for concern. In 2005, with sales of about 12.5 million — the same number as in the US. Of all cars across the European continent now lost to half their pro-
duction levels, the US is not alone.

The shift of market weight to Beijing seems to have been completed. China is now the world’s largest car market, with 16.2 million new cars sold in 2010. This is nearly twice the size of the US market, and almost four times the size of the European market. While the US market has been in decline for over a decade, the Chinese market has been growing steadily. In fact, the Chinese market is now larger than the US, and is expected to remain so for the foreseeable future.

The implications of this shift in market weight are significant. For one, it means that the US auto industry is now facing intense competition from Chinese manufacturers. This is particularly true for the US’s traditional stronghold in the mid-size and luxury vehicle market. US auto companies have been slow to respond to this challenge, and have struggled to adapt to the new market conditions.

For another, the shift in market weight to Beijing has significant implications for the global auto industry. As the Chinese market continues to grow, it is likely to become an increasingly important market for US auto companies. This is particularly true for companies that are looking to expand their global reach.

Overall, the shift in market weight to Beijing is a significant development that is likely to have a major impact on the global auto industry in the coming years.