

BUICKS IN CHINA

The following article was gleaned from the "Bulletin" magazine, written by George Wehrfritz. This is just a section of a very long article discussing the car manufacturing problems in the US and comparing with China.

"General Motors has an edgy new brand on its hands these days: BUICK. From the leather draped Royaum executive sedan to the peppy, Italian designed Excelle hatchback and the streamlined LaCrosse sedan, its fleet has earned a reputation for style, precision design and superior quality, and their dealers score among the highest in the industry for consumer satisfaction. The rub of course, is that Buick is on fire in China, but locked (alongside seven other GM divisions) in a death struggle for the vastly larger home market back in the United States.

Still, Buick's plucky China operation could be Detroit's salvation - and not for the reasons one might imagine. Asia isn't poised to supplant North America as the market that drives the global auto industry, not for decades anyway. Nor, as some anti-globalisation activists assert, is GM outsourcing its way back to profitability (local content in vehicles made in North America has declined only modestly). Rather, China is the proving ground on which Buick has shown that the world's largest automaker - and, by extension, the Michigan-based "Big-Three" as a group - can still go ahead against its Asian and European rivals. Last year GM surpassed Volkswagen to become the top seller nationally in China. Toyota - the hottest carmaker in the United States - ranked a distant fifth. "It's almost a reverse mirror image of North America", says Sean McAlinden, chief economist at the Centre for Automotive Research in Ann Arbor, Michigan.

There's a lesson in GM's success in China: to compete it must act less like a lumbering behemoth and more like a scrappy newcomer. But in today's North American market, the plants that best resemble Buick's Shanghai operation are located not in Motor City but further south, where foreign manufacturers led by Toyota, Hyundai, Honda and BMW have sprung up across the sun belt to grab nearly half the North American market. Together, these so-called transplants, have more than made up for the combined slippage at GM, Ford and Chrysler (now a Daimler subsidiary).

By the numbers, the US automotive sector as a whole employs more people today than it did in 1990 and delivers 55 % more output. That implies not the decline in American manufacturing competitiveness that too many pundits take as a given, but rather a shift away from Michigan and the Big Three to foreign owned operations scattered in relative obscurity from Georgia to Texas. As a mid-2005 report by the Congressional Research Service put it: "There appears increasingly to be two US automotive industries."

Anyone wanting to read the article in its entirety - Bulletin Magazine 27 June 2006.

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