

## **GM steering business to India**

*Heather Timmons*

General Motors is steering major new business to India even as it loses billions back home.

The chief executive of GM, Rick Wagoner, said Tuesday that the carmaker planned to create a "local base" in India, a move that he said would not affect U.S. jobs.

Wagoner, during an interview, applauded India's thrifty manufacturing culture and growing car market and said that GM would increase purchasing and production here significantly.

The company also introduced a new model into the Indian market Tuesday, a compact hatchback that retails for about \$7,400. Car sales in India are growing at about 15 percent a year, a rate projected to continue for the next five years, with low-cost cars making up the bulk of the sales.

GM and other big automakers hoping to offset slumping North American operations, are increasingly looking to India. Traditionally, the country took a back seat to China, but a growing middle class and new manufacturing strength have made India a popular destination for new joint ventures and investments. GM expects India to be the second-fastest growing car market in the world, after China, over the next 10 years.

"It's time to redouble our efforts on our manufacturing and market presence here," Wagoner told government ministers and auto industry executives Tuesday during a conference in New Delhi.

Wagoner said GM planned to take advantage of India's high-quality, low-cost supply base. GM is "looking to source more parts out of India for our global operations," he said, by a factor of "multiples."

That may translate into GM purchasing as much as \$1 billion of car parts in India annually, the largest spending of any foreign automaker in India, analysts said. In a statement issued after the presentation, Wagoner said that the sourcing increase could be "as much as fivefold over the next two years."

Wagoner said after the conference that the increase in car parts purchasing in India would not affect U.S. jobs at all, because the components in question were not made there now. He would not specify which auto components would come from India in the future .

GM's new local base will provide a new opportunity for Indian suppliers, he said, given the growth of the company's manufacturing in Asia.

Indian manufacturing costs are already "extremely competitive and among the lowest in the world," Wagoner said during the conference. That is "not just due to lower wage rates," he said. "It is also a function of the Indian mentality that abhors waste - because people cannot afford to throw things away."

Wagoner said GM was more than doubling its production capacity in India, to 225,000 units, by increasing production at its Halol facility in Gujarat, and building a new plant in Talegaon, Maharashtra, both in western India.

The Indian government has been pushing to turn the country into a new low-cost Asian car manufacturing center through tax breaks and other incentives. Renault and Nissan announced plans in January to join with an Indian manufacturer in building a new car plant.

GM's North American operations lost \$4.6 billion in 2006, including about \$3.8 billion it spent on buyouts and other onetime items. Profit margins are also weakening in China, the company's second-largest market, as competition drives down car prices.

On Tuesday, GM also said it would sell the Chevrolet Spark, a compact, fuel-efficient hatchback, in India. The Spark is the smallest car GM has introduced in India. The other two GM models available in India are significantly higher priced, which has led to sluggish sales.

"GM has a long way to go in India," Singh said. "They haven't been in the mainstream car business yet," he said.

**Disponível em: <<http://www.iht.com>>. Acesso em 18/4/2007.**