

GM to form Latin America arm

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General Motors on Tuesday said it would create a new division for South America, headquartered in São Paulo, to meet rising demand for cars in the region.

Jaime Ardila, head of GM's Mercosur operations, will head the unit, joining GM's executive committee and reporting directly to Ed Whitacre, chief executive.

The reorganisation will see the US carmaker's Latin American operations split from its international division, which also includes Asia, the Middle East and Russia and is headed by Tim Lee, who is based in Shanghai.

It will raise the number of GM's regional operations, which also include North America and Europe, from three to four.

The move underscores the growing importance to GM and other carmakers of Latin America, especially Brazil, which industry executives expect to replace Germany as the world's fourth-largest vehicle market this year because of demand for cars from the expanding middle class.

More carmakers are posting senior executives directly to fast-growing emerging markets, which account for most of the growth in global demand for cars. France's PSA Peugeot Citroën said last month that it was appointing for the first time a board-level executive to Shanghai to head its Asian operations.

GM employs 29,000 people in South America and sold 394,000 vehicles in South America in January to May, claiming a market share of 20.2 per cent.

GM is Brazil's third-largest carmaker after Fiat and Volkswagen. Its operation there has been profitable since 2005 and remained ring-fenced from its US parent's bankruptcy filing last year.

Last September GM opened a new \$100m technical centre in Sao Caetano do Sul, near São Paulo, just one of five fully fledged product development sites it operates worldwide, alongside others in Michigan, Germany, South Korea, and Australia. Mr Ardila last month told the Financial Times that GM believed Brazil could sustain 5 per cent annual growth of its car market over the coming five years.

His remit will extend to Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay.

The shake-up is the latest of many personnel changes made by Mr Whitacre since taking over as GM's chief executive last December.

GM said that it was naming Denise Johnson, currently its vice-president for labour relations, as president of its Brazilian operation from July 1, reporting to Mr Ardila.

GM was the car industry's third-largest producer in the first quarter of this year, after Toyota and VW.

Fonte: Financial Times, London, June 22nd 2010, Companies, online.