

Auto sales may top 10m units this year

China's booming automobile market is expected to break the 10-million-unit in sales barrier this year, as the government's positive measures drive demand and revive consumer confidence, an industry body said yesterday.

China Association of Automobile Manufacturers (CAAM) has upgraded its forecast for this year's automobile sales to 10.2 million units, with year-on-year growth rate of 8.7 percent, up from the 5 percent projection earlier this year, said Dong Yang, its deputy director.

The passenger car segment is expected to grow by 10.2 percent while commercial vehicle sales are likely to increase by 5 percent this year, Dong said.

The association modified its forecast after vehicle sales hit a monthly record in April, the second consecutive month since March, with a year-on-year growth of 25 percent.

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"It seems 2009 will be an optimistic year for China's automobile market, but we all should be cautious amid the gloomy global environment," said Dong.

According to CAAM, 1.153 million vehicles were sold in China last month, up 3.91 percent from March.

"The back-to-back pick-up in sales showed that China's auto industry has recovered and the government's stimulus package is taking effect," said Dong.

"Those vehicles that are eligible for government subsidies, which account for around 52 percent of the total industry, were the major driving force behind the rapid sales growth," said Zhu Yiping, associate secretary-general of CAAM.

The sales of passenger cars with engine capacity of or less than 1.6 liters increased by 56.5 percent over April 2008, to 419,000 units.

However, commercial vehicles continued to show a downtrend with 1 million units sold in April, a drop of 3.86 percent year-on-year.

In the first quarter, the total revenues of 19 major automakers dropped 14.2 percent, with their combined profits diving 48.36 percent year-on-year, according to CAAM.

In April, the US automobile market showed a 34.4 percent fall in unit sales over the past year, the lowest year-on-year growth rate in 30 years.

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