

China's auto sales up 27% in 2021, but hurt by chip shortage

July 9 2021, by Joe McDonald



Shoppers past near advertisements for Mercedes Benz at a mall in Beijing on Thursday, July 8, 2021. China's auto sales rose 27% in the first half of 2021 from a year earlier but still were below pre-pandemic levels, and production and sales fell in June due to global shortages of processor chips, an industry group reported Friday. Credit: AP Photo/Ng Han Guan

China's auto sales rose 27% in the first half of 2021 from a year earlier but still were below pre-pandemic levels, and production and sales fell in June due to global shortages of processor chips, an industry group reported Friday.

Sales of SUVs, sedans and minivans from January to June in the global industry's biggest market rose to 10 million, the China Association of Automobile Manufacturers said. Total vehicle sales, including trucks and buses, rose 25.6% from a year earlier to 12.9 million.

Compared with pre-pandemic levels in 2019, [passenger](#) vehicle sales were off 1.4% in the first half, according to CAAM. Total vehicle sales were down 4.4%.

Passenger vehicle production fell 13.7% in June from a year earlier while sales were down 11.1% at 1.6 million.

Sales showed an "obvious decline after May," CAAM said in a statement. "Passenger vehicles were mostly affected by an insufficient supply of chips."

China's auto demand already was weakening due to consumer unease about slowing [economic growth](#) and a trade war with Washington before dealerships were shut last year to fight the virus outbreak.

China's economy reopened relatively early after the ruling Communist Party declared victory over the virus in March. But passenger vehicle sales fell 22.4% in the first half of 2020, setting a low base for comparison this year. Annual sales in 2020 fell for a third year.

That is squeezing [cash flow](#) for global and Chinese automakers that are spending billions of dollars on electric [vehicle](#) development to meet government sales quotas.

This year's demand was propped up by sales of electric and gasoline-electric hybrid vehicles, though they still are a fraction of the total.

EV sales in the first half of 2020 rose 200% to 1.2 million, but demand for them also is cooling, according to CAAM. Sales growth in June decelerated to 140% over a year earlier, hitting 256,000 vehicles.

Passenger car sales by Chinese brands in the first half of 2020 rose 46.8% from a year earlier to 4.2 million. Their market share rose 5.7 percentage points to 42%.

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