

AUTOMOTIVE

BMW aims to up China production with increased investment

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BMW's sales volume in China grew 15 percent in 2017. Image credit: BMW

By STAFF REPORTS

German automaker BMW Group is investing in China with the early extension of its joint venture with local player Brilliance China Automotive Holdings Ltd (CBA).

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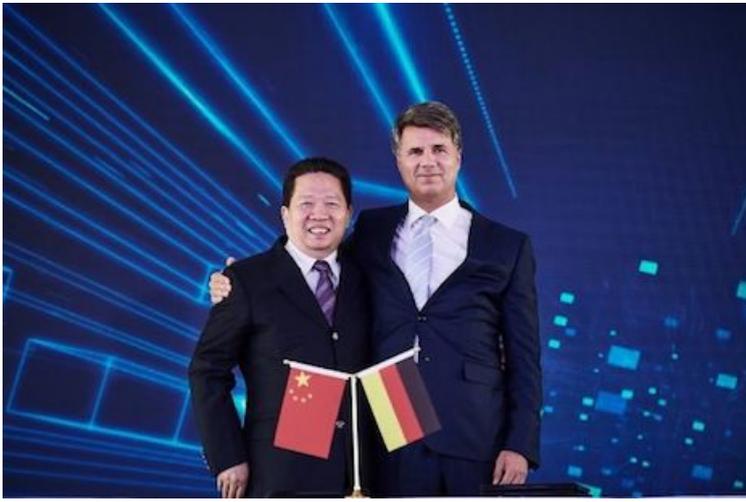
BMW has signed a new deal for a contract until 2040, extending its relationship with CBA for another 22 years. The automaker has also decided to increase its stake in the venture, raising its investment from 50 percent to 75 percent, as it aims to grow in the emerging market.

Extended partnership

BMW is currently in the 15th year of its joint venture with CBA. The collaborative company, named BMW Brilliance Automotive (BBA) has announced it will invest an additional 3 billion euros, or about \$3.5 billion at current exchange, into new and existing production facilities.

China is the BMW brand's single largest market. Last year, the automaker sold 560,000 to Chinese customers, two-thirds of which were produced at BBA's plants in Teixi and Dadong.

BBA plans to double its production capacity at the Teixi plant by building a new facility on the existing grounds. In Dadong, BBA intends to expand the factory to allow for a greater variety of vehicles.



Harald Krger, chairman of the board of management of BMW AG, shaking hands with party secretary Chen Qiufa of the CPC Liaoning Committee. Image courtesy of BMW

These updates are expected to boost the plants' production to 650,000 cars by the early 2020s, from about 400,000 today. BBA plans to hire about 5,000 workers to achieve this goal.

The upgraded Teixi factory is also expected to help BMW cater to growing demand for electric and hybrid vehicles.

"We are consistently following our growth strategy for China," said Harald Krger, chairman of the board of management of BMW AG, in a statement. "With continuous investment, as well as the development and production of electric vehicles, we underline China's importance as a dynamic growth market for us.

"Our success story goes hand in hand with the success of the joint venture BBA," he said. "Together with our partners, we contribute to the sustainable development of the Chinese market."

Almost half of the automotive sales growth in China this year has come from luxury brands, driven by consumers' increasing household wealth and consumer confidence.

According to a report from Scotiabank, in March global automotive sales were up 1.2 percent over the previous year, with China one of the key forces behind this growth. As the Asian market becomes increasingly important to luxury auto brands, OEMs are set to benefit from newly eased regulations in China ([see story](#)).