

Dispute settlement db-3

Law



Dispute Settlement DB-3 Dispute Settlement DB-3 This essay will discuss about General Motors Company (GM) and how it has been affected by recent shifts in international policies and regulations in relation to foreign investment. GM is one of the world's largest automaker with operations in more than 120 countries. GM has 167 plants globally and ships products worth \$90 billion in these plants at any given time (Colvin, 2012). With operations in several countries, GM is greatly affected by any changes in the international policies of the countries they serve. It enjoys a strong market position specifically in Brazil, Russia, India and China.

One of the major markets of GM is China with 2.3 million vehicles sold in 2010, a 29 percent increase from 2009. GM attributes this increase in sales to the economic stimulus incentives in place in China. According to David Chen, the Vice President for GM, China Group, the government encourages local production of vehicles in China without considering whether the manufacturer is a domestic or foreign company (China Business Review, 2011). Furthermore in 2010, the government issued a policy that it will give an incentive of \$460 rebates on the purchase of fuel efficient cars. This policy serves GM well because 26 vehicles manufactured by GM in China qualify for the rebate.

Another international policy in China that proves beneficial to GM is that the government allows the use of lesser grade steel (Muller, 2010). This can be translated to a lower cost in manufacturing a car for China.

International policies such as the above cited have positive impacts on the sales of GM; thus, the China market is a major market for GM. Even as early as 1997, GM already foresaw that China will be a big market for them; therefore, they invested in a joint venture with the Shanghai Automotive

Industry Corp. (SAIC) to establish their first technical center joint venture in China (China Business Review, 2011). Investments such as these have proven to be worthwhile for GM. GM is very optimistic with their China market and has intentions of increasing further their investment in the country because of the supportive policies of the government. In view of this, GM projects that in 15 to 20 years from now their sales could reach to a whopping 20 million cars.

Another market of GM is India. Although GM entered the Indian market 16 years ago, it is now moving towards intensifying its market by focusing on dealerships and service network expansion (The Indian Express, 2012). In India, GM focuses on the small car market because of the demand of the market there. Hopefully, with this in mind and with the proper Indian government support, GM can increase its market share in India.

Clearly, the road to the turnaround of GM after the government bailed it in 2009 is not an easy road to traverse. But as long as the international policies of the various countries it serves will be aligned to its strategies, GM stands a strong chance to regain its former glory.

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