
GM sells Hummer brand to Sichuan Tengzhong

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The General Motors, undergoing a life or death transformation now, said Friday that it would sell its Hummer brand to China's Sichuan Tengzhong Heavy Industrial Machinery, a private manufacturing company in southwestern China. The Hummer deal is considered an important expansion for the Chinese auto industry outside of its home market.

GM's talks with Sichuan Tengzhong were disclosed in June, and the agreement is still subject to regulatory approvals by the Chinese government.

No terms were announced, but people with knowledge of the deal estimated the price at USD 150 million.

Under terms of the agreement, G.M. will continue to make Hummers for the new owners for at least two years, at a Louisiana assembly plant. An additional Hummer model will be built at an Indiana plant. Sichuan Tengzhong will take over agreements with Hummer's 153 American dealers and 231 dealers in international markets.

The companies said in a statement that the current management team, including the CEO Mr James Taylor, would remain. About 3,000 sales, manufacturing and corporate jobs will be preserved by the deal.

Mr. Taylor said in a statement that the new owners planned to offer alternative fuel engines in Hummer's three models, as well as a diesel version to be sold outside North America.

The troubled automaker, which is 60% owned by the US government, is now in the process of shutting down Saturn as well as Pontiac. GM is also trying to complete the sale of Saab to a Swedish company and has agreed to sell a majority stake in its European brand, Opel. Once the brands are gone, GM will be left with four vehicle divisions Chevrolet, Cadillac, GMC and Buick in the American market.

Sales of the Hummer brand peaked in 2006, when Hummer sold 71,000 vehicles in the United States. This year, through September, it has sold less than 9,000.

A representative of the Sichuan Tengzhong said that they are evaluating locations in southeast Michigan for our US headquarters and various locations in the US for a long term manufacturing base.”

(Sourced from People's Daily Online)

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