

Innovation Takes Off in Chinese Automobile Industry

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Although China is experiencing rapid growth in motor vehicle production and consumption, and the gap of manufacturing technology level between China and leading automakers in the world has been reduced significantly, all the Chinese auto manufacturers are still lack of the capability to conduct independent research and development. Basically, all of the domestic automakers have been employing imitation as their principal strategy to gain capabilities of technology innovation. However, the innovation speed was very slow until the late 1990s, when several new auto firms emerged, driving the whole industry to a fast track of technology innovation.

In my paper, I argue that the technology innovation in Chinese automobile industry is being driven by so called "local state corporatism," which was developed by other scholars to explain the success of Chinese rural development since the reform era started in the early 1980s. My paper will show that local state corporatism is also shaping the institutional foundations of innovation momentum in Chinese auto industry.

The above assertions are based on a comparative study on three out of the top nine Chinese passenger car manufacturers. One is centrally controlled state-owned enterprise; one is an enterprise invested by five local state-owned investment firms; and the last one is the only private automaker in China.

Abstract for the International Energy Workshop
jointly organized by the
Energy Modeling Forum (EMF), International Energy Agency (IEA) and IIASA.
24-26 June 2003 at IIASA Conference Center, Laxenburg, Austria