

# China's SAIC 'to cut stake in car JV with JSW Group post Delhi investment curbs'

Reuters  
New Delhi

China's SAIC Motor will slash its 49 per cent stake in its Indian joint venture with the JSW Group and halt further investment, five people said, the latest sign of how political tensions between the Asian neighbours is spilling over into business.

SAIC's decision comes after India introduced limits on investment from its neighbours in 2020, a move widely seen as being aimed at China.

Leaders of both countries met last month to ease relations, raising hope of improved business ties. There has since been little sign of progress, with Indian auto firms, for instance, still awaiting Chinese approval to buy rare earths from China.

The tie-up with JSW was meant to inject funds into the automaker's largest pro-

duction base outside of China and also ease regulatory hurdles. But it has not delivered, said one of the people.

All five of the people familiar with the matter declined to be identified because they weren't authorised to speak publicly about it.

SAIC is not pulling out of India but wants to dilute its stake in JSW MG Motor significantly and will continue to provide technology and products for the venture, said a second person.

## STALLED DEALS

JSW has offered to purchase most of SAIC's stake to become the single largest shareholder, but the two sides disagree on valuation, with SAIC seeking a higher price, the person said, adding that talks are ongoing.

The friction between the two companies is not all down to politics. JSW also

appears to have irked its partner by pursuing talks with rival Chinese firm Chery Automobile to build cars in India, sources said. JSW has long wanted to sell cars under its own brand and talks are at an advanced stage with Chery for a technology, not equity, partnership for cars JSW will build in India, said one of the people.

Last year, SAIC sold a majority stake in the local company to Indian entities with JSW picking up a 35 per cent share for about \$300 million. Proceeds went to SAIC rather than the local entity, two of the people said.

JSW MG Motor has since submitted a proposal to invest \$240 million in EV manufacturing, the outcome of which is pending. A sticking point is whether any return on investment will go to China considering the source of the initial funds, said a third person.