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Chery: Vying for a Piece of the American Pie (A)

“There’s no way you can move slowly and catch up... It took the Japanese two or three decades. We don’t have that kind of time.”¹

Xu Min, former Chery engineer

It was July 4, 2007. While most Americans were attending Independence Day parades and celebrating the birth of their nation with family and friends, Yin Tongyao, president and chairman of Chery Automobile Company, was celebrating a historic deal with Chrysler. Under the agreement, Chrysler would sell cars in the United States with the Dodge brand that would be manufactured in China by Chery.² At a press conference earlier in the day, Yin said, “Chery is still young, so we should learn from Chrysler and improve our own competitive edge in the near future.” He called Chrysler Group President and CEO Tom LaSorda “my teacher in the automotive business.”

Yin knew that the 10-year-old Chery was just weeks away from rolling out its millionth car, and it was already exporting to over 50 countries. He was elated over the deal, but his head was spinning with questions. Which challenges lay ahead for Chery in both the U.S. and European markets? Was the alliance with Chrysler the best strategy for reaching these markets? How could Chery leverage the Chrysler deal to reach these markets while staying true to its goal of becoming an independent world-class automobile manufacturer?

Chery Automobile

Founded in 1997 in the landlocked eastern province of Anhui in the People’s Republic of China, Chery Automobile Company was supported by state-owned investment companies under the leadership of Yin, a former executive at a Volkswagen joint venture in China. For the first two years, Yin and his team worked from a crumbling building in an empty field with no heat or air-conditioning. Using equipment from abandoned manufacturing facilities, the team was able to roll out its first vehicles in just under two years, but because Chery didn’t have a government license, it couldn’t sell the vehicles. To overcome this hurdle, Chery became part of the much larger state-owned Shanghai Automotive Industry Corporation, an organization that had

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