

Auto plant no longer planned in Baja

by Sandra Dibble

TIJUANA, Mexico - A Chinese automaker's announcement last June that it would build a \$300 million factory in Baja California was greeted warmly by officials working to turn the state into a car and truck manufacturing center.

But eight months later, the Hebei Zhongxing Automobile Co. and its U.S. partner, Chamco, are looking to build their assembly plant elsewhere in Mexico.

Chamco's chairman, William Pollack, said Tuesday that the main reason for the change of plans was the need for a critical rail link for the proposed assembly plant in eastern Tijuana.

"We were prepared to move ahead there, but then, to our great surprise, found out that the rail access was going to be three years later than we originally thought," Pollack said from his office in Parsippany, N.J.

Pollack said Chamco remains committed to opening a facility in Mexico, and to importing Chinese vehicles into Mexico this year. Though news media in Coahuila state along the Texas border have reported that the plant is going there, Pollack would not confirm a location.

Chamco's assembly plant would have been the first significant Chinese investment in Baja California. The state has been working hard to build commercial links with China in recent years, said John Riley, whose company, BC Manufacturing, was to help establish Chamco's assembly plant in Tijuana.

The interest seems to be mutual: "We've seen at least a dozen delegations coming from China in the past couple of years," Riley said.

At last year's Tijuana ceremony, Chamco and its Chinese partner unveiled three vehicles that would be assembled in Tijuana: a pickup, a sport utility vehicle and a three-wheeled auto that would sell for \$3,000.

The plan was to eventually create a full manufacturing plant and export the vehicles.

But when they made their announcement, Chamco and its Chinese partner lacked the necessary federal permits.

"I just don't think that all the i's were dotted, and the t's weren't crossed," Riley said.

Mario Juarez, Baja California's undersecretary for economic development, said "there was never a commitment for a rail link."

Juarez said no rail spur could be constructed until a site was chosen for the factory. "If they don't have a plan and a definite location, it's difficult to begin considering questions of infrastructure," Juarez said.

Pollack could not say Tuesday who promised the rail link. "I can't remember who said what to whom. We had a team working in Mexico, and that team was also partially to blame."

Pollack said his company intends to begin importing the Chinese vehicles into Mexico this year, and into the United States and Canada in 2009.

An official with Mexico's secretariat of the economy in Mexico City said Chamco has yet to meet the federal requirements to begin operating in Mexico. Hector Esparza Murua, deputy director of the secretariat's auto industry division, said "they have yet to make any kind of announcement in our offices."

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