

Tijuana site to produce Chinese cars

by Diane Lindquist - CNS

The first Chinese automobile manufactured in North America will be a three-wheeled vehicle made in a factory on the outskirts of Tijuana, Mexico.

Chamco Automotive, a company set up to import Chinese vehicles to the United States, will open a \$300 million Tijuana assembly plant in 2009 that will produce the vehicles of Hebei Zhongxing Automobile.

Hebei Zhongxing, a small, employee-owned company, is a leading Chinese pickup truck and sport utility vehicle manufacturer located in Baoding, Hebei Province, which surrounds Beijing.

The long-rumored deal was revealed Wednesday by Chamco affiliate ZX Auto, which will import and distribute the Zhongxing vehicles.

Chamco planned to show off two of the vehicles Thursday at the Tijuana Grand Hotel, where Chinese officials met with Baja California Gov. Eugenio Elorduy Walther to demonstrate their appreciation for his recent trade mission to China. But the announcement was put off, said a source close to the deal.

The vehicles, which cleared customs Tuesday, now are scheduled to be displayed next week at the Las Vegas Auto Show and at a media event in Tijuana, the source said.

Chamco reportedly plans to start selling four-cylinder, \$13,000 Chinese-made SUVs and pickups in August, then follow with the Mexican-made three-wheel vehicle two years later. All three vehicles will be sold first in Mexico, probably under the name Jhong or Jhong Auto.

Eventually, 3,000 workers will be employed at the factory in Tijuana's new Las Palmas neighborhood. The factory will do supplemental work on the SUVs and pickups from China.

Chamco - so called after the common name for the Chinese automaker's partner, China American Cooperative Automotive of Parsippany, N.J. - has established a distribution network with a Mexican domestic megadealer that will offer the vehicles at 25 to 30 showrooms throughout Mexico, according to a statement by chief executive officer Bill Pollack. The target is to sell 20,000 vehicles a year.

"By starting in Mexico, we have an opportunity to test all of our systems - transportation, services, warranty and all processes - at a low volume a year before we go to the U.S.," Pollack said.

The SUV and pickup are expected to be made to meet environmental and safety standards for the U.S. and Canadian markets by mid-2008. A sedan and a crossover vehicle will be introduced a year later in those markets.

More than 30 U.S. dealers have been signed up to distribute the vehicles, but the company wants an agreement with as many as 150 dealers in the United States and one megadealer in Canada with 30 outlets.

In its first full year in the United States, Chamco wants to sell 75,000 vehicles, according to an article in Automotive News.

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