

Chinese carmaker steers into Tijuana

by Diane Lindquist - CNS

TIJUANA, Mexico - Three shiny, new Chinese vehicles to be built in Tijuana - the first for the North American market - were unveiled Monday at the Autonomous University of Baja California campus.

With a pickup truck, a sport utility vehicle and a three-wheeled auto behind them, top executives of the Chinese car manufacturer ZX Auto and U.S. partner Chamco Auto signed an agreement to invest \$400 million in a ZX Auto manufacturing plant in Tijuana over the next five years.

ZX AUTO - Models of three Chinese vehicles that will be built in Tijuana and sold in Mexico were unveiled Monday in Tijuana: a \$3,000 three-wheel auto (top) and a SUV (center) and pickup truck, both which will sell for \$12,500. CNS Photos by Daryl Peveto.

At first the vehicles will be imported from China, but in time all three models will be assembled in Tijuana, said ZX Auto President Robert Yu.

"We expect a big, big volume," he said.

The vehicles will be sold first in Mexico, Yu said. A distribution deal is in the works, as are final arrangements on acquiring 62 acres on the eastern outskirts of Tijuana for a factory expected to employ 5,000 within five years.

A contract has been signed with a Tijuana company, BCM Manufacturing, also known as Vertek International, to establish the manufacturing operation.

"We're in the process of developing the operational aspects now," BCM president John Riley said.

Chamco and ZX officials said they hope to have the first vehicles roll off a Tijuana assembly line in 2008. They calculate that the project will generate an economic impact of \$5 billion over 10 years.

The investment solidifies Baja California's position as an auto manufacturer, said the state's governor, Eugenio Elorduy Walther, who helped recruit the Chinese manufacturer.

"This is a very important investment because it comes from the People's Republic of China and puts a

Chinese auto manufacturer in North America," Elorduy said.

Automotive suppliers from the United States and Europe, as well as China, are expected to follow the manufacturer to Baja California.

"There is tremendous opportunity in Tijuana, and the government is very supportive," Yu said. "There is a good manufacturing base already, and there is a good business climate."

The companies forecast assembling 250,000 SUVs and pickups in Tijuana in the first five years.

Names of the models will not be determined until the Mexican distributor has input, but the three-wheeled vehicle tentatively has been dubbed the "TJ."

"TJ" production is forecast to reach 150,000 units, but Chamco Chairman and Chief Executive William Pollack said that will depend on its reception. "I have to test the market and see customer reaction," he said.

The three-wheel auto will sell for \$3,000. The pickup and SUV will be priced at \$12,500 each.

Pollack said his company is working to make the vehicles ready for the U.S. market.

"We have a team of experienced engineers in the United States that are working with ZX Auto's Chinese engineers for the homologation of the norms and vehicles in the Mexican and North American markets," he said. "California has the strictest standard for emission regulations in the world, and we hope to fulfill and exceed those expectations for 2008."

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