Publication: Daily Dispatch (First Edition), Business
Date: 10 May 2017
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R11bn vehicle assembly plant will still happen

First half of 2018 the target for initiation

By DAVID FURLONGER

ALTHOUGH construction of the R11-billion Chinese vehicle-assembly plant was "three or four months" behind schedule, it would be ready to build vehicles in the first half of 2018 as planned, Industrial Development Corporation chief executive Geoffrey Qhena insisted on Monday.

He was responding to industry speculation that the IDC and partner Beijing Automotive Industrial Company (BAIC) were reconsidering the timetable for the plant at the Coega industrial development zone near Port Elizabeth.

IDC manufacturing director Abel Malinga admitted the pace of later investment could be influenced by demand for BAIC-brand vehicles.

The Coega plant, which will build cars, sports utility vehicles and bakkies, is intended to reach 50 000 annual capacity by 2022 and 100 000 by 2027.

Malinga said the first phase would continue as intended, but timing for the higher target could be determined by sales.

Besides SA, the plant is expected to supply the rest of Africa, the Middle East and South America. Once it is up and running, it will be the first greenfields mass-manufacturing vehicle assembly plant in SA in more than 40 years.

Doubts have been raised due to the lack of signs of progress on site since Chinese and SA officials launched the project at a ceremony in September 2016.

Qhena said work would begin in earnest in July.

The BAIC brand is virtually unknown in SA. The first imported product, a small car, was launched only in April.

Adding to the challenge is that in the decade since Chinese motor companies began selling products in SA they have made little headway in the market.

Despite doubts expressed by market analysts about the feasibility of the Coega investment, Qhena remained confident that exports and eventual local market demand would pay off.

On the lack of site progress, Malinga said: "There have been delays but we felt it better to get them all out of the way before starting construction."

FULL STEAM AHEAD: The eagerly anticipated construction of the R11-billion Chinese vehicle assembly plant would be ready to build vehicles in the first half of 2018 as planned, despite a delay of a few months, insists Industrial Development Corporation chief executive Geoffrey Qhena, pictured above

Qhena and Malinga were speaking in Springs, Gauteng, at a ceremony for another IDC-BAIC joint venture. BAIC subsidiary BAW has been assembling minibus taxis from imported kits since 2012. From next year, it will move into full assembly and lift local content.

A R250-million upgrade is to include a new paintshop and bodyshop.

Consultant Tony Godycki said the expanded operation would be able to build panel vans, luxury buses and electric buses. Its increased annual capacity of up to 2 400 vehicles would also be used to generate exports into Africa. — *TMG*