

R11bn Bay car plant deal gets into gear

Massive Chinese investment signed, sealed at sod-turning

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SOUTH Africa's largest single foreign investment in manufacturing in 40 years was signed and sealed yesterday during a lavish sod-turning event for an unprecedented, R11-billion Chinese vehicle assembly plant in Port Elizabeth.

The Beijing Automobile International Corporation's (BAIC) investment in the Coega Industrial Development Zone near the Port of Ngqura brings with it the full might of China's large-scale manufacturing capabilities.

BAIC's intention to site its largest-ever investment on the African continent in the Eastern Cape first came to light in April.

Yesterday's event put an end to months of speculation, while formalising facts and figures on the investment and exposing new deliverables from the project.

The Herald can now reveal that:

- BAIC has named its South African operation BAIC Automobile SA;
- The Industrial Development Corporation (IDC) has a 35% shareholding;
- The state-owned global manufacturer, which is one of China's top five vehicle makers, will use South Africa as its new global distribution hub;
- The project will be done in two phases, with the first phase costing R4.6-billion;
- BAIC's initial annual production target is 50 000 units, which it anticipates reaching by 2022. It will then upscale production to 100 000 units;
- Of the 50 000 units, 60% will be exported and 40% retailed locally;
- BAIC is establishing a dealership network across South Africa;
- The creation of the network is still at recruitment stage and 25 dealerships are expected to be established initially;
- Three BAIC models, a sedan, an SUV

and a pickup truck, will be introduced into the local market during the first phase;

- The homologation process for one of the BAIC models to be sold locally is already at an advanced stage;
- BAIC Automobile SA will employ 2 500 people directly, of whom more than 1 000 will be locals, and 10 000 indirectly during its first phase;
- While specific details are not yet available, a substantial number of vehicle components will be sourced locally, with that number expected to increase;
- Measured by volume of vehicles produced, the new facility will put Nelson Mandela Bay in the forefront of vehicle production nationally;
- The investment is expected to contribute 8% to the GDP; and
- Start of production is earmarked for March 2018.

Yesterday's event was held in stages and primarily in three massive tents – dressed in red from ceilings to walls and floors.

Another three large tents acted as meet-and-greet areas for the dozens of VIP guests and a large contingent of local, national and international journalists.

BAIC vehicles were on show in one of the



READY TO ROLL: One of the BAIC vehicles on show at the Coega sod-turning ceremony yesterday
Picture: FREDLIN ADRIAAN

tents. The high-level guests included a large contingent of Chinese government officials from Beijing, BAIC leadership and management, Economic Development Minister Ebrahim Patel, officials from South Africa's Department of Trade and Industry, the IDC, the Coega Development Corporation (CDC), the Nelson Mandela Bay Business Chamber and Eastern Cape government and Nelson Mandela Bay political leadership, among many others.

New Bay mayor Athol Trollip, who participated in the sod-turning, was joined at the event by former mayor Danny Jordaan,

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