Caterpillar Expands Operations To S. Korea With Acquisition

PEORIA, Ill. (AP) — Caterpillar Inc. said Monday it plans to buy a subsidiary of a South Korean manufacturer of components for earthmoving and other machinery.

The world's largest maker of mining and construction equipment says it will acquire JCS Co. Ltd., a subsidiary of Jinsung T.E.C. Co. Terms were not disclosed.

The acquisition builds on a relationship between Caterpillar, based in Peoria, Ill., and Jinsung T.E.C., which supplies Caterpillar with equipment for its machines.

The deal, which is subject to regulatory approval, is expected to be completed early next year.

Jinsung T.E.C. Co. Ltd. specializes in the design and manufacture of heavy equipment spare parts, including track rollers, seal groups and front idlers for excavators and bulldozers.

The transaction will give Caterpillar its first factory in South Korea. Caterpillar already has plants in China, India, Indonesia and Australia.

Caterpillar has made significant investments in the Asia Pacific region to support a growing base of customers, said David Bozeman, Caterpillar vice president with responsibility for undercarriage production.

"This strategic acquisition will improve Caterpillar's supply chain and component capacity in support of Caterpillar's long-term machine capacity expansion plans in Asia," he said.

Rich Lavin, Caterpillar group president with responsibility for Asia Pacific, said South Korea is an increasingly important market for Caterpillar products and as a potential site for manufacturing in the region.

This year, Caterpillar has laid off more than 22,000 workers as it dramatically scaled back production due to weaker demand due to the recession.

Caterpillar has said it's counting on Asian customers to buy more of its mining and construction equipment next year to help the company move beyond the recession.

In the third quarter reported in October, Caterpillar's Asia and Pacific region saw the smallest sales decline, with machine deliveries in Asia's emerging markets showing signs of recovery from recession lows.

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