

# Mercedes Shipping SUV Kits To Asia

Patrick Rupinski, The Tuscaloosa News

VANCE, Ala. (AP) — Mercedes-Benz U.S. International Inc. has started sending kits containing all the parts of M-Class sport utility vehicles to three Asian countries where the vehicles will be assembled for sale in those nations.

Marcus Schaefer, president of MBUSI, said Monday that the move will increase Mercedes sales in India, Indonesia and Thailand.

Those countries have protectionist trade policies that include high tariffs, import fees and customs restrictions. Those have made the Mercedes sports utility vehicles made in Vance extremely expensive, even for luxury car buyers, in those countries, he said. And that has resulted in few Mercedes SUVs being sold in those nations.

By shipping the auto parts kits to Mercedes' assembly plants in those countries, Mercedes will avoid the tariffs and other fees, allowing the company to sell the vehicles more competitively and attract more buyers.

Schaefer said a new M-Class fully assembled in Vance and shipped to India would cost about \$200,000 there because of the tariffs and fees. By comparison, Mercedes can sell the same 2013 M-Class sold in the U.S. for between \$47,270 and \$96,100, depending on options, according to the company's website.

Schaefer said the kits will increase production for Mercedes' U.S. automotive suppliers and result in more jobs for the suppliers and at the Tuscaloosa County Mercedes plant, which will build and paint the vehicles' bodies.

It also will increase employment at BLG Logistics in Vance, which is assembling the kits for shipment to Asia.

BLG has coordinated the sequencing of automotive parts for Mercedes' just-in-time vehicle assembly in Vance for several years at a separate warehouse. It has added a 90,000-square-foot warehouse for handling kit assembly for the Asian nations and began its initial shipment of M-Class kits in June.

Kits of Mercedes' new second generation of the GL-Class SUV will be added to the line-up in May 2013. The new GL-Class, which also are made only in Vance, will go on sale in U.S. dealer showrooms next month.

The Mercedes' assembly plants in India, Indonesia and Thailand already assemble the automaker's C-Class, E-Class and S-Class vehicles from kits assembled at warehouses near Mercedes plants in other countries.

Schaefer said about 20 developing countries have protectionist trade policies that make it very expensive to export vehicles to them. Those countries' policies are

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designed to increase their own manufacturing.

He said it is possible that more nations could be added to the kit shipments in the future. He said for now, the kits are limited to those three nations, which have a combined population of about 1.5 billion and offer a growing market for SUV sales.

Schaefer said MBUSI will send some personnel from Vance to the Mercedes' assembly plants in Pune, India; Wanaherang, Indonesia; and Samutprakan, Thailand; to help support the start up of their assembly.

On Monday, Mercedes and BLG officials gathered at the BLG Logistics warehouse on Brose Drive to show how the system works:

Automotive parts arrive by truck. Among them are painted automotive bodies from the Mercedes plant. The bodies are individually wrapped after being placed on large custom-made wooden pellets. Each pellet holds six automotive bodies. And each wrapped body has its own tracking code.

Other components such as windshields and glass windows and dashboards are individual wrapped at another station in the warehouse and are coded for their particular vehicle kit.

Items as small as screws are packaged and coded. At one work station, BLG employees weigh small items, like screws, to make sure a sufficient number will be in the kit when it arrives for assembly.

When the kits are completed, they are sent by train to Savannah, Ga., and then shipped to Asia.

Marcel Syrowatka, manager of the kit packaging operations, said if a part is missing or is broken when the kit arrives at the Asian assembly plants, the Vance operation will be notified and a replacement part sent to the assembly plant in less than 72 hours by express air service.

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