Thailand, ASEAN A Bright Spot For Ford Motor

Dee-Ann Durbin, AP Auto Writer

RAYONG, Thailand (AP) — Car sales in China and Europe may be slowing down, but Southeast Asia is on a tear.

Ford Motor Co. said Friday that industry-wide sales are up 20 percent so far this year in its ASEAN region, which is made up of Thailand, Indonesia, Vietnam, the Philippines and Malaysia. That's double the pace of sales increases in China and the U.S. in July.

Thailand, which is seeing a spike in sales as the country recovers from last year's flooding, is up 40 percent from a year ago, said Matt Bradley, the president of Ford's ASEAN region. Bradley and other Ford executives were visiting Ford's new plant in Rayong on Friday to mark the production of Ford's 350 millionth vehicle in its 109-year history.

ASEAN is still a relatively small player in the global industry, with total annual sales of 3.5 million. By comparison, China, the world's largest car market, saw sales of 18.5 million last year, while U.S. sales were 12.8 million.

But Bradley said Ford expects ASEAN to make up an increasing part of its sales over the coming years as incomes rise and more people can buy cars. Ford is forecasting sales of 5 million in the region by 2020.

"It's just like China or India in terms of the growth opportunity," Bradley said.

Ford thinks wages in the fast-developing ASEAN region will grow eight to 14 percent per year over the next five years, compared with two to four percent in more mature markets like the U.S., according to Gary Johnson, Ford's vice president of manufacturing for its Asia Pacific and Africa region, which includes ASEAN.

The minimum wage in Thailand — which is what Ford pays workers at the Rayong plant — is now the equivalent to $9 per day, or around $2,340 per year. Ford says people typically start buying cars when annual wages reach $5,000 to $7,000.

Ford brings most of its 1,200 manufacturing employees to the plant in buses right now. But it expects them to be able to buy their own cars over time.

"It's usually a 10- to 15-year journey before employees can afford what they make," in the developing world, said John Fleming, the company's executive vice president of global manufacturing and labor affairs.

Ford controls only about 2 percent of the ASEAN market right now. Toyota Motor Corp., which had a significant head start in the region, controls nearly 40 percent of the market in Thailand, according to the Automotive Focus Group, a Thai industry

association.

But Bradley believes Ford can catch up quickly, with eight new products coming to the market by 2015.

Source URL (retrieved on *08/22/2014 - 12:56pm*):
http://www.impomag.com/news/2012/08/thailand-asean-bright-spot-ford-motor?qt-recent_content=0