China's Biggest Automaker To Build Thailand Factory

The Associated Press

BANGKOK, Dec. 13 (Kyodo) — Thai agriculture conglomerate Charoen Pokphand Group said Thursday it has agreed to set up a joint venture with China's largest automaker, SAIC Motor Corp., with the aim of opening an auto factory in Thailand in the next two years.

The joint venture, under the name of CP Motor Holding Co., will facilitate Thailand's ambitious efforts to become the "Detroit of Asia," said Noppadon Chiaravanont, a deputy chairman of CP Group's Automotive Industrial Products Business Group (China).

SAIC Motor will hold 51 percent of shares in the new joint venture and the CP Group will hold the rest.

Noppadon said the firm eyes production of MG-brand passenger cars for the Thai and worldwide markets.

"Thailand will be our production base for worldwide export. We are confident in the potential of Thailand as Detroit of Asia," he added.

Noppadon said the initial phase of investment will require at least 10 billion baht (about $333 million). He said the joint venture is expected to begin releasing MG-brand products in 2014.

Last week in Shanghai, SAIC Motor said the joint venture with CP Group will initially strive for a production and sales capacity of 50,000 units per year.

In the second step, annual capacity will be raised to 200,000 units "by leveraging internal taxation policies" inside the Association of Southeast Asian Nations, of which Thailand is a member, to boost sales to the ASEAN market, in particular.

"The parties will leverage the-MG brand resources and the R&D capabilities of SAIC Motor and the local industrial resources of Thailand to seize the developmental opportunities on the ASEAN market," it said in a statement.

The SAIC Motor, formerly known as Shanghai Automotive Industry Corp., is China's biggest carmaker with annual production and sale of 4 million units.

The MG series of cars was originally manufactured in Britain by MG Car Co. SAIC took over that business in 2007 and set up a factory in China to produce left-steering wheel cars for the domestic market.

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