

AUTO INDUSTRY

New Work Schedule

BAIC SA admits to 'challenges' as it revises Coega plant timelines

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Following a delay in the completion of the Beijing Automotive Group Corporation South Africa (BAIC SA) plant in the Coega Industrial Development Zone, in the Eastern Cape, full-scale vehicle production is now scheduled to start before the end of the year.

At the sod-turning event in 2016, it was announced that construction of the new plant was expected to be completed in the first quarter of 2018.

By July last year, however, BAIC SA said it had completed only the critical construction and equipment installation milestones for Phase 1 of the R11-billion assembly plant.

Phase 1 involved the completion of a semi-knocked-down line and "satisfactory progress on construction workstreams of its vehicle assembly plant".

At the time, BAIC SA announced that the full-scale production of its compact sports utility vehicle, the BAIC X25, would start in the fourth quarter of 2018.

However, new timelines have been established for the completion of the project, and a new work schedule has been adopted for all contractors on site, says BAIC SA CEO SA **Nemo Tian**, who took over the reins at BAIC SA in June last year.



Picture by Creamer Media Chief Photographer Dylan Slater

WORK IN PROGRESS

All construction on the BAIC plant should be completed in 2020

"This is BAIC International's first overseas project of this magnitude," says Tian. "We've experienced some challenges and have learned from them with the support and guidance of our local shareholders."

BAIC holds 65% in the local venture, with the Industrial Development Corporation holding the remaining 35%.

According to BAIC SA, principal contractor Beijing Industrial Designing & Researching Institute will start work on site in the second quarter of this year, with full-scale vehicle production to start once the assembly and

welding facilities have been completed. All construction should be completed in 2020.

The yearly production target at the BAIC plant is set at 50 000 vehicles a year.

Tian says this target should be reached in about three years from the start of production, after which the plant will increase output to 100 000 vehicles a year.

Of the locally manufactured vehicles, 40% will be sold in South Africa and 60% exported to markets in other parts of Africa and in South America, for example.

Although the automaker plans to continue importing parts from China, BAIC SA will also buy parts from local suppliers, notes the company.

BAIC SA says it has already compiled a local supplier procurement database of more than 100 companies.

The company adds that one highlight of the project is that it is well on its way to exceeding 35% small, medium-sized and microenterprise (SMME) participation. To date, the value of construction tenders allocated to SMMEs has numbered R44.1-million.

"We remain committed to our contractual obligation [to provide] work for small local businesses," notes Tian.

According to data released by the Coega Development Corporation, total local labour since the start of the project stands at 1 839 workers.

"The South African plant is part of BAIC International's long-term globalisation strategy [to develop] a global market, and the South African market is quite fertile for a new brand like BAIC," says Tian.

BAIC SA currently has 20 dealerships around the country. 