

Cars ruined by Katrina sold in Bolivia

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COCHABAMBA, Bolivia --

The bathtub ring of mold on the ceiling of Colleen McGaw's Mini Cooper marks how high Hurricane Katrina's floodwaters rose inside the sporty red coupe.

"There was this mold, this grossness all over it," McGaw says, recalling how she found the car, her college graduation present, three months after the storm submerged her New Orleans neighborhood. "I cried. It may sound lame, but I cried. I had wanted a car like that since I was a child."

Two years later, McGaw was shocked to learn from The Associated Press that her beloved Mini turned up 3,600 miles south in Bolivia. Its new owner - stuck with a complete overhaul at \$23,000 and counting - is feeling her pain.

Tens of thousands of cars were damaged or destroyed by Katrina, which submerged much of New Orleans in a corrosive broth of saltwater and mud. U.S. officials warned Americans to beware of buying the drowned cars.

But many "Autos Katrina" were shipped overseas, often sold through Internet salvage auctions now globalizing the auto recycling industry.

Totaled cars used to be sold mostly at local auctions to scrap metal dealers and serious gearheads, who well understood the risks of the trade. But in the past five years, an explosion in online sales has lured shoppers around the world. It's a "Wild West marketplace" of tainted dream cars at rockbottom prices, says U.S. auto insurance industry analyst Brian Sullivan.

"Information is in short supply, and you have to be smart and know what you're doing," he says.

Suspected Katrina cars - with their jittery wiring, sand in the cracks and the telltale mildewed stink - have cropped up in a number of countries, but Bolivia has become a particular target. One local environmental agency believes 10,000 or more flooded U.S. cars may have ended up in the landlocked nation, drawn by loose import rules, a thriving smugglers' economy and an insatiable hunger for cheap wheels.

The hurricane relics are part of a deluge of used imports rapidly transforming South America's poorest country. Fueled by money sent home by migrants abroad, the number of vehicles on Bolivia's few paved highways is expected to double in the next five years.

McGaw's Mini is still a long way from joining the traffic jam.

Hauled south on a container ship, imported through the Chilean port of Iquique and trucked over the mountains to this Andean valley city, the coupe is now perched on a hydraulic lift, stripped to its chassis and surrounded by its rusty innards.

The new owner - worried that publicity will reduce the car's resale value and perhaps smarting from automotive heartbreak - declined, through his mechanic Ramiro Sanchez, to be identified or interviewed.

"He's totally demoralized, but he doesn't just want to give up on it, either," Sanchez says.

The Mini's odyssey began as the McGaw family fled New Orleans on Aug. 28, 2005, the day before Katrina made landfall.

"I just started packing random things - a cocktail dress, shorts from the 7th grade," says McGaw, who has since finished a law degree and clerks for the Orleans Parish District Court. "I didn't think it was going to flood."

McGaw left her 2004 "chili red" Mini in a backyard carport and rode out of town with her parents.

The next morning, Lake Pontchartrain's storm surge burst through the 17th Street Canal levee, flooding their Lakeview neighborhood in eight feet of water and completely submerging the Mini.

When McGaw finally saw her car again three months later, it was dry but coated in salt and slime. A beer can had floated in through the broken windows.

McGaw's insurer, Geico, left a check for \$18,500 and towed the car away. A vehicle history report listing the Mini as a total loss names the insurer as the car's final owner.

But nothing's final in the global used car business. The Mini began a second life when it was sold to Copart Inc., one of the U.S.'s largest auto salvage companies. Copart listed the Mini in an online auction in early 2006, saying it had suffered from "waterflow" but not mentioning the hurricane, Sanchez says.

Geico declined to comment on this case, and a Copart spokesman did not return repeated calls seeking comment.

The Bolivian buyer paid \$7,000 for the Mini, but it took another \$5,000 in shipping costs and import duties before he could kick the tires. He immediately towed the car to his friend's shop. About 50 other Katrina car owners have come to Sanchez for help since then, he says, but he's turned nearly all of their vehicles away as beyond repair.

The Mini's history was easy to spot, Sanchez says: mud caked to the engine block, pedals rusted in place, and a New Orleans safety inspection sticker on the windshield.

Undeterred, the owner shelled out an additional \$7,000 - plus \$4,000 in tax and shipping this time - on the parts from a second Mini from Copart, this one condemned after a front-end collision. Parts from a third are now on their way to complete the job, Sanchez says.

How much will all the labor cost? He's a friend, Sanchez says with a shrug. He'll cut him a deal.

And despite the new owner's pain, getting a brand-new Mini shipped to Bolivia would probably hurt even more - about \$35,000 with taxes and shipping costs included, Sanchez estimates.

Bolivia is taking in the first world's castoff cars at a pace unmatched in South America, where its neighbors now strictly regulate car imports.

The total number of registered cars in Bolivia leapt 11 percent in 2006, from 537,000 to 602,000, says Freddy Koch, who monitors used car imports for nationwide air quality program sponsored by the Swiss development agency Swisscontact. All but 5,000 of the additional vehicles were used.

Factor in unregistered used imports that slip into Bolivia, and the annual growth rate is a staggering 20 percent, Koch says.

Bolivians pay a steep price for their new mobility: on dry winter afternoons, air pollution in Cochabamba (pop. 600,000) now rivals that of downtown Los Angeles.

Back in New Orleans, the McGaws tore down their mold-blackened home and rebuilt on the same lot. They used the car insurance settlement to buy Colleen a new 2006 red Mini - this time with cruise control.

In garages a hemisphere away, recovery from Katrina drags on.

"The tragedy continues," Sanchez says. "These cars just keep causing problems."