

# Chinese Maker to Sell \$7,000 Cars in Mexico

The New York Times  
November 23, 2007

MEXICO CITY, Nov. 22 — A Chinese automaker, First Automobile Works, will begin exporting cars to [Mexico](#) by year's end, looking to tap into the market for inexpensive cars, the company's Mexican partner, Grupo Salinas, said Thursday.

The joint venture between the China FAW Group, as the automaker is formally known, and Grupo Salinas will break ground Friday on the construction of a \$150 million Mexican plant to produce autos for the domestic market.

There has been much speculation in the American auto industry over when Chinese automakers will begin exporting to the United States. But the smaller Mexican market may prove easier to penetrate for small, low-price cars aimed at working-class Mexicans.

The cars will be sold through Grupo Salinas's Elektra retail chain with credit from the group's Banco Azteca. Elektra has a long history of selling household appliances, electronics and furniture to working-class Mexicans on credit. It already sells Chinese-made motorcycles through Elektra stores.

The joint venture "will allow for the incorporation of thousands of families as customers to the automobile market," the company said.

The Chinese-made cars will be priced from \$6,000 to \$7,000, about 5 to 10 percent below the cheapest models now on the market, a Salinas spokesman, Daniel McCosh, said.

Grupo Salinas incorporates a diverse range of media, retail, banking and telecommunications companies controlled by a Mexican businessman, Ricardo Salinas Pliego. Mr. Salinas has built successful companies by focusing on Mexico's vast working class, but several joint ventures with American companies, including one with NBC, have collapsed amid legal wrangling.

The auto plant, which is to be built in Zinapécuaro, in the west-central state of Michoacán, will be completed in three years and have a capacity of 100,000 cars a year, the company said.

President [Felipe Calderón](#) of Mexico is scheduled to attend the groundbreaking, along with the president of the FAW Group, Zhu Yanfeng.

FAW is one of China's largest automakers, with sales of more than a million units expected this year, according to the company. It has joint ventures with [Volkswagen](#) and [Toyota](#).

In June, a small Chinese automaker, the Hebei Zhongxing Automobile Manufacture Company, said it planned to export pickup trucks to Mexico, also before the end of the year.