

The Herald

EDITORIAL COMMENT

New plant shifts Bay into top gear

EARLIER this month The Herald reported with optimism on a projected R11-billion Chinese investment in a new car manufacturing plant.

Yesterday the first sod was turned at the Coega IDZ, sealing the deal with the Beijing Automobile International Corporation (BAIC) and positioning this city – the Detroit of South Africa – for an exciting industrial uptick.

Thanks to the partnership between BAIC, the Coega Development Corporation (CDC), which operates the Coega IDZ, and the Department of Trade and Industry, this will be Coega's biggest investment ever.

As more details emerge, it is clear that it will be a game-changer for our city.

The Industrial Development Corporation and BAIC are funding the venture and estimate it will create about 2 500 permanent jobs, as well as hundreds more during construction of the plant.

Building starts this year and production is expected to start in 2018, with 50 000 vehicles projected to roll off the line in its first year.

But, in return, Algoa Bay is giving a fair deal, with Coega's relatively new harbour infrastructure certainly ripe

for an investment of this scale. Not only that, but BAIC will benefit from the new Special Economic Zone (SEZ) Act incentive scheme.

The Coega IDZ is the only IDZ to be designated with a custom control area (CCA), enabling qualifying investors to benefit from customs duty and VAT incentives.

In return, our citizenry will benefit from jobs not only during construction but also in staffing the plant, as well as myriad suppliers and allied businesses downstream.

Although 60% of the vehicles will be exported, there also will be a retail knock-on, with the balance of 40% to be sold at dealerships across the country.

While the news of Volkswagen South Africa's R4.5-billion expansion and FAW's R600-million manufacturing plant at the Coega IDZ were great, this investment moves the Eastern Cape automotive hub up a gear.

Companies such as Volkswagen, Mercedes-Benz and General Motors are already major investors in the province – and now BAIC joins the fleet.

A new car plant of this scale will help drive our economy forward, and so we say: Welcome to our shores!