

Suppliers Follow Carmakers with Mexican Expansions

TOKYO (Nikkei)--Japanese autoparts manufacturers are sharply increasing investment in Mexico, keeping pace with expansion there by Nissan Motor Co. (7201) and other carmakers.

Kasai Kogyo Co. (7256) plans to start production of interior parts at a 50-50 joint venture with Spanish company Grupo Antolin Irausa SA in the state of Guanajuato as early as fall 2013. Investment is projected at 2-3 billion yen. When completed, the plant will boost Kasai's Mexican production capacity 50%.

Tachi-S Co. (7239) has begun selecting sites in the state of Aguascalientes for a plant that will make automobile seats. It could spend as much as 10 billion yen on the plant, which will have lines for manufacturing seat frames and assembly lines for covering the frames. The facility will be placed into service in stages beginning in fall 2013.

Around the same time, Yorozu Corp. (7294) will open a suspension parts plant in Guanajuato. The plant, the company's second in Mexico, will cost around 5 billion yen.

Because labor costs are much lower in Mexico than in the U.S., several Western and Japanese automakers are making it a key location from which to export vehicles to the U.S. and South America. Mexico has free trade agreements with more than 40 countries. Kasai, Tachi-S and Yorozu all have a substantial business with Nissan. Nissan's production capacity in Mexico is expected to reach around 1.3 million units annually -- exceeding that in Japan -- when it brings a new car factory on line in the state of Aguascalientes as soon as the second half of 2013.

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