

Nissan Boosts Investment in Mexican Production by \$400 Million

Nissan Motor Co., Japan's second-largest automaker, is increasing investment in assembly operations in Mexico by \$400 million as it seeks to boost sales in the Americas and offset the yen's strength.

Nissan late yesterday said it will spend \$1.05 billion at plants in Mexico's Aguascalientes and Cuernavaca through 2013, up from a \$600 million plan announced last year. The Yokohama-based automaker disclosed the increase at a ceremony in Aguascalientes marking the start of production of the March subcompact, said David Reuter, a company spokesman.

"The additional investment is to add production of a small sedan and a small 'multi-purpose' vehicle at Aguascalientes, off the March platform," Reuter said in a phone interview from Mexico City. "This plant is very important to us."

Nissan last year set a goal of boosting annual production in Mexico to about 700,000 vehicles, seeking higher sales there and in other Latin American markets. While the company already exports Versa and Sentra small cars from Mexico to the U.S., Reuter declined to say whether the Mexican-built March and the other two models will be sold there as well.

The small sedan goes into production later this year and the multi-purpose vehicle will be built starting in 2013, Reuter said, declining to elaborate.

"The yen is very clearly hurting," Andy Palmer, Nissan's senior vice president, said in an interview at the Geneva auto show this week. "We started to see some relief, but with the crisis in the Middle East it's worsening again."

The yen has gained 8.1 percent against the dollar in the past year, according to Bloomberg data, eroding profit from vehicles sold outside Japan.

Source: Bloomberg. 03-04-11.