



BAIC

北京汽车国际贸易有限公司
BAIC INTERNATIONAL CORPORATION

WHO IS BAIC?

- Beijing Automobile International Corporation (BAIC) is a wholly owned subsidiary company of BAIC International Development Co. Ltd.
- The Chinese state owned company is the holding company for several brands including Beijing Automotive Works as well as an import and export corporation of the BAIC Group.
- BAIC International Development Co. Ltd was founded in 1958.
- BAIC is a significant global player in the automotive industry
- It has international footprint with exports to more than 20 countries or regions, exports to Europe, North America, South America, Australia, Africa, Middle-east, South-east Asia, now in South Africa, just to mention a few.
- By 2015-2017, BAIC plans to construct plants in South Africa, Brazil and Russia for industrialized production.
- One of the top five largest automotive groups in China with over 58-year history
- Ranked No. 17 in the global Automotive Ranking (2015FY)
- Ranked No. 207 in the Fortune 500 (2015FY)
- By 2015, BAIC group revenue was 400 billion RMB with sales volume 4 million units.
- 2020 Vision: Total sales volume of 5 million units and will rank in the top 3 Chinese auto groups
- BAIC International and Industrial Development Corporation (IDC) are in a Joint Venture Agreement and have created a new South African Entity called: BAIC AUTOMOBILE SOUTH AFRICA.
- BAIC has 30 plants in 20 countries. These include plants for Spares.

WHAT DOES BAIC DO?

- Its focal business orientation is in international trade, both import and export with a strong focus on technology with a focus on sales of automobiles, mechanical and electrical products in the domestic market.

WHAT VEHICLES WILL BE ASSEMBLED IN SOUTH AFRICA?

- Vehicles to be built in SA are: 3 Models, namely X 25 SUV, pickup truck, and Yinxiang S6.



HOW MUCH IS BAIC INVESTING IN SOUTH AFRICA?

- Total Investment value: R11 billion
 - BAIC Phase one would be worth R4,5 billion
 - BAIC Phase two would be worth R6.5 billion

WHERE IS THE LOCATION OF BAIC FACILITY?

- Zone I (Logistics Zone) of the Coega IDZ in the Nelson Mandela Bay Metro

HOW MUCH LAND WILL BAIC OCCUPY?

- Land Occupied: 54.62 hectares
 - First Phase is 47.3839hectares

WHAT IS THE SIZE OF THE BAIC FACILITY?

- First Phase covered area: 88 969.79 sqm

HOW LONG WILL THE FACILITY TAKE TO BUILD?

- Construction periods: 18 months construction period, expected to start in October/November 2016 and reach completion in December 2017/January 2018

EXPECTED START OF OPERATIONS

- January/ February 2018

WHAT WILL BE THE PLANT'S CONFIGURATION?

- Completely Knocked Down (CKD) Assembly Plant will include an assembly plant, body shop, painting, workshop, assembly of composed parts, car body interior decoration, testing, paint repair, and after-sales service

PRODUCTION VOLUMES

- First Phase: Until 2022, planned target production capacity is 50,000 vehicles
- Second Phase: Planned target capacity is annual yield of 100,000 vehicles
- 60% is for the export market, particularly into the African Continent (East-West-North);
- 40% is for the local South African market.

HOW MANY JOBS WILL BE CREATED?

- Jobs: 800 initially to 1500 jobs (operational) in 2018
- Economy-wide impact of BAIC project in term of employment creation is expected to be around 10 600 jobs opportunities.

HOW DID THE BAIC INVESTMENT COME ABOUT?

- The outcomes of the Forum on China-Africa Cooperation (FOCAC) Summit held in Johannesburg from 3 to 5 December 2015.
- Attended by Heads of State and Government, Heads of Delegation, the Chairperson of the African Union (AU) Commission and Ministers of Foreign Affairs and Ministers in charge of economic cooperation from China and 50 African countries.
- CDC is empowering growth and development for communities and businesses in the EC
- BAIC will provide training and development opportunities to NMB & EC communities
- BAIC investment will benefit the unemployed youth, women, and persons with disabilities
- The Investment will promote growth and development of SMMEs (facilities and other related services in Zone 1)

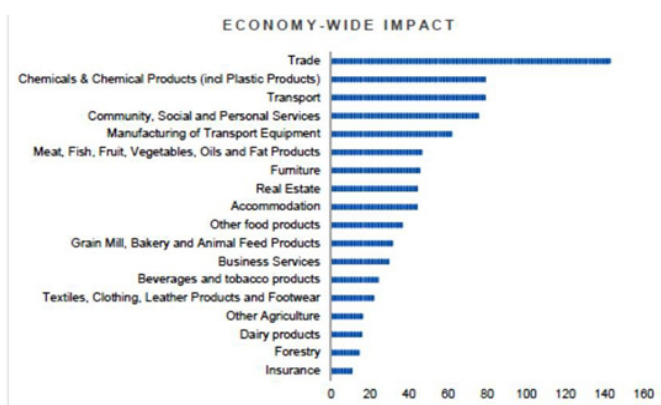
SECONDARY MESSAGING

- The investment will create opportunities for EC tertiary institutions for Research and Development (Universities: NMB, Rhodes, Fort Hare)
- This investment will strengthen relationships between South Africa and China and brings to life the FOCAC 2015 Johannesburg declaration
- BAIC and other Investors have benefited from the Customs Control Area status of the Coega IDZ 1 & 2

IMPACT ON LOCAL ECONOMY

- The economy-wide GDP impact in Eastern Cape Province, due to the BAIC construction project, is estimated at R945.1 million. This represents about 0.41 percent of Eastern Cape's 2014 GDP_R, at constant 2010 price.
- The spending related to the construction of new facility to accommodate BAIC's vehicle manufacturing plant within the Coega IDZ would result in direct and indirect output of R2.4 billion in Eastern Cape, of which the majority of expenses to benefit the Metro.
- When adding the induced effect of the wage income, the impact of the economy-wide effect is estimated at R3.3 billion for the Eastern Cape Province.
- A large increase in the output of the construction industry is expected due to the expenditure on building construction.
- As a consequence of these investments and because of the indirect effects associated with them, other industries such as Trade, Chemicals and Chemical products, Transport, Manufacturing and Transport Equipment, Real Estate, Community, Social and Personal Services, Food industry, Trade, Accommodation, Livestock farming, Insurance, Grain Milk, Bakery and Animal Feed Products would also see relative large increases in output (see Figure 1).

Figure 1: Eastern Cape Industry Impact - Output Multiplier (Rm)



Source: CDC. RU Own estimations based on ECSAM

- Due to the increase in employment, the economic-wide impact on labour remuneration is expected to increase by R425 million (economy-wide impact) in the Eastern Cape Province.
- The construction of new facility to accommodate BAIC's new vehicle manufacturing plant within the Coega IDZ would impact the most vulnerable households in the Province (see Table as their income is expected to increase by R122.1 million (economy-wide impact).

Table 1: BAIC Construction Project Impact on Selected EC Macroeconomic Indicators

	Direct & Indirect Impact	Induced Impact	Economy-wide Impact
	Rm		
Gross Domestic Product (Market Price)	740.6	204.4	945.1
Gross Domestic Fixed Investment	173.5	46.1	219.5
Household Income (Quintile 5)	94.3	27.8	122.1
Labour Remuneration	338.0	87.0	425.0

Source: CDC_RU Own estimations based on ECSAM

IMPACT ON EMPLOYMENT

- The BAIC project would have positive impacts on employment, especially around the youth owing to the nature of the proposed project (see Semi-and Unskilled proportion in figure 2 below).
- In its broad perspective, the project will generate approximately 6 047 formal direct and indirect jobs opportunities during the construction phase.
- When adding the induced effect of the wage income, the economy-wide number of jobs would be around 7 102 for the Eastern Cape Province.
- In the informal sector, about 3 543 jobs (economy-wide) are expected to be created by the project (see Table 2).
- It is probable that the change in employment will benefit the lower class income groups as they are the most likely to be employed in the informal sector, semi-skilled and unskilled jobs in the formal sector.

In conclusion, the economy-wide impact of this project in term of employment creation is expected to be around 10 600 jobs opportunities .

- In Eastern Cape Province, the largest share of formal jobs opportunities created by the project would be semi-skilled and unskilled jobs, followed by skilled jobs. A large number of informal sector jobs is also supported by this project

	Direct & Indirect Impact	Induced Impact	Economy-wide Impact
	Number		
Formal Employment	6 047	1 055	7 102
Informal Employment	2822	721	3 543
Formal & Informal Employment Total	8 869	1 776	10 645

Source: CDC_RU Own estimations based on ECSAM

Figure 2: BAIC Construction Project Impact on Jobs per Skills & Informal Employment

