

Chengdu plant's pending trial production signals rapid growth of city's auto industry

DPCA's 'miracle' thrives thanks to government's support, **Li Yu** and **Peng Chao** report.

The Chengdu plant of Dongfeng Peugeot Citroen Automobile — DPCA, a joint venture with French carmaker PSA Peugeot Citroen and Chinese automaker Dongfeng Motor Corporation, is scheduled to go into trial production in May.

Located in the State-level Chengdu Economic and Technological Development Zone, also known as the CEDZ in the eastern part of Chengdu, it is DPCA's fourth manufacturing plant in China.

With a total investment of 12.3 billion yuan (\$1.9 billion), the plant has a planned annual production capacity of 360,000 automobiles.

The Chengdu plant will mainly produce vehicles for both the Peugeot and Citroen brands as well as Dongfeng's Fengshen brand, with a focus on high-end sport utility vehicles and multi-purpose vehicles.

In December 2015, the plant's first all-new SUV ran off the assembly line, just 14 months after its foundation was laid in October, 2014.

The new model, whose internal code name is the P84, was developed in partnership with European plants and will launch simultaneously in the Chinese and European markets.

Louis Gallois, chairman of the supervisory board of PSA Peugeot Citroen, called the construction speed of the Chengdu plant a "miracle", as it generally takes about two and a half years to build such a plant.

Wu Zheng, a senior manager of the Chengdu plant, said the plant uses world-leading technology, making it both highly efficient and environmentally friendly.

It is also the first DPCA plant to feature an integral auto parts industrial park. Six companies are planning to set up operations in the park, according to Wu.

The Chengdu plant has attracted some 30 companies engaged in related industries, such as France-based Faurecia, Dongfeng Motor Die and Mould, Fengshen Logistics and Wuhan Dongfeng Hongtai Holdings Group.

According to Wu, the number of companies engaged in related industries at the plant is expected to reach 80, supplying more than 70 percent of the auto parts needed by DPCA's Chengdu plant.

"Wuhan Dongfeng Hongtai Holdings Group alone will invest more than 1 billion yuan in the next five years, creating 1,800 jobs," Wu said.

The plant is expected to go into commercial operation in October, and the production target for this year is 10,000 cars.

Government support

The construction of DPCA's Chengdu plant got strong, targeted support from the local government.

Lu Congguo, director of the plant, said that although he had initial concerns about dealing with government departments, his fears were unfounded.

The plant was listed as one of 56 major industrial projects by the Sichuan provincial government. It is the first project in the northern part of the CEDZ, and the major part of the national-level Sino-French Ecological Park.

"The CEDZ set up a special team to work with our team, helping push forward the project," Lu said. The two teams held regular weekly meetings to discuss any difficulties and devise solutions.

"The plant wouldn't have been built as quickly without the support from the government," Lu said.

The local government also focused on the construction of the infrastructural facilities in the



DONGFENG PEUGEOT CITROEN Automobile's fourth plant in China at the Sino-French Ecological Park in Chengdu has investment of 12.3 billion yuan (\$1.9 billion) and a planned annual production capacity of 360,000 automobiles. PHOTOS PROVIDED TO CHINA DAILY

Sino-French Ecological Park.

Longquanyi district, home to the CEDZ, has invested more than 1 billion yuan in the construction of the infrastructure.

Zhou Ling, director of the Sino-French Ecological Park's coordination office, said park officials are negotiating with leading French companies, including PSA Peugeot Citroen, Renault and Bolloré, to establish cooperation in the fields of new-energy vehicles and smart cars.

The park is also seeking in-depth cooperation with French and European Union companies in the fields of ecological construction, energy saving and environmental protection.

Auto base

Chengdu's auto industry has seen rapid development in recent years,

growing into a pillar of the city's economy.

Longquanyi is one of China's leading auto bases, with investors including Dongfeng Peugeot Citroen, FAW-Volkswagen, FAW-Toyota, Zhejiang Geely Holding Group and Volvo, as well as many car component suppliers.

Last year, Longquanyi district produced 920,000 units of vehicles and its auto industry generated output value of 141.2 billion yuan.

Since last year, Volvo's new luxury sedan, the S60 Inscription, has been produced at the company's Chengdu plant and exported to the United States.

With DPCA's Chengdu plant set to go into commercial operation, auto production in Longquanyi is expected to exceed 1 million cars

this year, local officials said.

According to the city's industrial development strategy, Chengdu will have the capacity to produce 2 million cars annually by 2017.

The latest planning shows that the city is expected to have an annual output capacity of 3 million cars by 2025.

"To boost the development of the auto industry, Chengdu will encourage carmakers to expand capacity and bring in more advanced technology and products," said an official at the Chengdu Commission of Economy and Information Technology.

The city will also take advantage of its location with regard to the Belt and Road Initiative and the Chengdu-Europe express rail route to create an improved logistics service for carmakers and car component suppliers, the official said.



A VIEW of the State-level Chengdu Economic and Technological Development Zone. It is located in the Longquanyi district in Chengdu, one of China's leading auto bases.