

## Ford Plant Opens in Sihanoukville



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by Don Weiland*

FORD assembly plant in Preah Sihanouk province will supply Cambodia's limited but growing car market, the American carmaker's local representative RMA Cambodia announced yesterday.

The US\$3 million investment, wholly owned by RMA, has a capacity of up to 6,000 vehicles per year, and is expected to drop the domestic price of the Ford Everest model by up to 25 per cent, according to RMA CEO Rami Sharaf.

Initial production figures, however, were undetermined as the Kingdom's second vehicle assembler tested the market.

"We're cascading down to the consumer," Sharaf, who is also chairman of the Cambodia Automotive Industry Chamber, said yesterday. "Production will depend on the demand we see in the market this year." He declined to say how many Cambodians the plant employed.

The country's annual demand for autos was "limited", Sharaf said. Of the annual 30,000 new vehicles sold in Cambodia in 2011, only 10 per cent were bought from authorised dealers such as RMA's Ford, he said.

The vast majority of sales go to unlicensed dealers but the reduced price of domestically assembled cars – which would dodge high import tariffs could attract more buyers to authorised dealers, Sharaf said.

"Markets like Cambodia are particularly appealing to us because they are starting on their growth curve," Ford Asia Pacific regional manager David Westerman said at yesterday's press conference in Phnom Penh.

An estimated 7 per cent of Ford Motor Co's growth would be in the Asia Pacific region during the next 10 years, he added.

Cambodia's car market is virtually off the radar of regional market analysts. Demand for cars in Cambodia and Myanmar was low, said Ammar Master, manager at MC Automotive in Bangkok, a global car sales and production forecaster.

The planned integration of ASEAN member countries and tariff-free treatment on regional trade, however, could stir demand for cars assembled in Cambodia, Master said.

When [integration] happens, you will see markets like Cambodia and Myanmar becoming active. [Original equipment manufactures] are rethinking their strategies in developing markets,” he said yesterday.

Cambodia’s Ford plant would focus on the domestic market in the short run, but would also consider exports to regional markets, Sharaf said. “If we can overcome regulatory and logistic barriers, then we can surely look into these markets.”

Cambodia’s auto market had constraints in both supply and demand, said Urn Visal, director of Hyundai’s Cambodian assembler Camko Motor Company. Despite cheap labour and land, -the Kingdom has a low level of human capital and few supporting industries, he said.. Cambodia’s small market is also shared by many distributors.

A hike in the value-added process would come with the localisation of parts manufacturing, not assembly, said Urn Visal, whose Koh Kong factory aims to assemble 800 cars a year by 2013. Assembly creates about 15 per cent of the value generated by a manufacturing plant, he said.

“Wherever [the market] is, we still have a very long way to go,” he said.