

PRODUCTION OF MAZDA3 BEGINS AT CHANGAN FORD PLANT IN CHONGQING

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[Mazda3 Launch In China](#)

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-Partnership between Mazda, Changan Automotive and Ford results in China production of Mazda3-

CHONGQING, China, February 27, 2006 - At a joint press conference held today, Mazda Motor Corporation, Ford Motor Company and Changan Automotive Group announced the commencement of Mazda3 production at the Changan Ford main plant in Chongqing. Immediately following the press conference, Changan Ford held a Job#1 (start of production) ceremony to showcase the first new vehicle that was produced. The kickoff of Mazda3 production represents another significant step forward in the cooperation between the three partners in China.

The ceremony that marked the start of production was attended by the Mayor of Chongqing, Wang Hongju, Chairman and President of the Changan Automotive Group, Yin Jiayu, and Dr. Liuping Xu, president assistant of Changan Automobile Company's South China Group. Also at the ceremony were Kiyoshi Ozaki, senior managing executive officer in charge of Mazda's China business strategy, Phil Spender, president and CEO of Changan Ford, Noriaki Yamada, president of FAW Mazda Motor Sales Co. Ltd (FMSC) and employees of Changan Ford.

Mazda3 sales will be conducted through FMSC, a joint venture company that Mazda set up in March 2005 with one of Mazda's other partners in China, the First Auto Works (FAW) Group. Sales of the Mazda3 in China are scheduled to begin in the latter half of March 2006, with product and pricing details to be announced at a later date.

These developments are part of the increasing cooperation and long-term strategic partnership between Mazda, Changan and Ford in China. In September 2005, the three partners established a joint venture engine company in Nanjing and the plant is currently under construction. Also currently being constructed in Nanjing is a three-

company joint venture vehicle assembly plant, which will produce Mazda and Ford-brand products. To further strengthen the three-party partnership, it has been agreed that Mazda will take an equity position in Changan Ford this spring. This step is presently under review by the Chinese government.

In line with the strengthened linkages among the three partners for the production and sales of the Mazda3 sedan, a basic agreement between the partners has been attained concerning Changan Ford's plans to take an equity position in FMSC at an appropriate time after the commencement of Mazda3 sales.

Kiyoshi Ozaki, senior managing executive officer in charge of Mazda's China business strategy, said, "The Mazda3 has received worldwide acclaim and won 60 awards to date; it is a key global vehicle that represents the best of the Mazda brand. The Mazda3 is a very 'Mazda' car, embodying our fun to drive, Zoom-Zoom brand message, and we're sure it will meet the expectations of our Chinese customers." Ozaki continued, "We would not have been able to set up the production and sales infrastructure for the Mazda3 without the great cooperation of our valued partners in China, Changan and Ford, which we deeply appreciate."

Mei-Wei Cheng, chairman and CEO, Ford Motor (China) Ltd., said, "With the help of our partners, we will do our utmost to forge a cooperative, mutually advantageous business model that integrates the corporate resources of Mazda and Changan Auto with the corporate strategy model that Ford has advanced in China to date."

In 2005, Mazda began full business operations in production and sales with its business partners toward achieving its mid-term goal of producing and selling 300,000 units in the Chinese market in 2010. Mazda, Changan and Ford are also progressing with plans for a new joint venture vehicle assembly plant in Nanjing; production is scheduled to begin in 2007.

The new facility's initial annual capacity is 160,000 vehicles, with preparations underway to produce Ford and Mazda-brand products. In addition, a new engine facility, named Changan Ford Mazda Engine Co. Ltd, is under construction with a preliminary annual capacity of 350,000 engines. Scheduled to be operational in 2007, the new engine facility will primarily supply Mazda and Ford-brand high performance engines to the nearby Nanjing assembly plant.

Mazda also enhanced and strengthened its sales network in March 2005 with the establishment of the FAW Mazda Motor Sales Co. Ltd. (FMSC), in Changchun, Jilin Province, with another important business partner in China, First Auto Works (FAW). Also, in June 2005, Mazda opened its Shanghai-based company, Mazda Motor (Shanghai) Business Management & Consulting Co. Ltd.-more commonly referred to as Mazda China Operations (MCO) to integrate its business operations in China. Also in Shanghai, the Mazda China Engineering Support Center was set up as a branch office in August 2005.

In 2005, Mazda brand vehicle sales rose 51 percent year-on-year, to 133,778 units, amidst an intensely competitive sales environment in China, greatly exceeding the total market demand increase of 26 percent. Mazda's growth rate in China has exceeded the overall vehicle market growth ratio in China for four consecutive years. In 2006,

the Hiroshima-based company aims to increase Mazda-brand vehicle sales in China by 10 percent over last year's results.

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