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5:30 am HKT  
Nov 26, 2014

ECONOMY & BUSINESS

# This Southern Chinese City Wants to Be China's Detroit

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Employees work on the production line at a plant of FAW-Volkswagen Automotive in Foshan. — Getty Images

Officials in Foshan want to transform the city—more commonly known for its ceramics and furniture industries—into an important hub of China’s thriving car industry.

The goal is to build two million cars there within the next decade, according to Zhou Zhitong, director-general of Foshan’s bureau of commerce. The city, which is less than an hour’s drive from Guangzhou in southern China, is on its way, having successfully landed its first auto plant last year with Volkswagen.

The factory opened last November with a capacity of building 300,000 cars, including Volkswagen’s luxury Audi brand. Volkswagen plans to at least double that capacity in the coming years, it has said.

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To reach its bigger goal, Foshan will need to go head to head with around a dozen other cities throughout China, all of which are vying to attract automotive investment. Foshan’s neighbor, Guangzhou, has long been an automotive hub, popular especially with Japanese car brands such as Nissan, Toyota and Honda.

But as demand for cars in the country’s more developed northern and eastern coastal cities begins to mature—and encouraged by the central government’s industrial development policies—auto makers have been scouting new locations to for plants.

In recent years, foreign and Chinese car makers have spread their wings, building manufacturing facilities farther and farther afield in China’s interior, from **central Wuhan** and Changsha to western cities like Chengdu and Chongqing and even in the remote Xinjiang region.

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In most cases, their advance has been accompanied by similar investments by auto-component manufacturers and companies from auxiliary industries.

Dietmar Voggenreiter, head of Audi’s China business, said “long list of criteria” influenced Volkswagen’s decision of where to build its China plants, including logistics and access to employees.

Local governments also are known to lavish incentives such as tax breaks and

land considerations on car makers in order to lure their investment. Mr. Voggenreiter said such subsidies were “for sure also a topic.” Foshan officials declined to give the details of the incentives it offered Volkswagen, citing confidentiality, nor would the officials say how such incentives compared with those other Chinese cities offered.

Mr. Zhou is confident Foshan can continue to win more automotive business: At least three Chinese auto makers, including commercial-vehicle manufacturer Beiqi Foton Motor, either have committed to or are in advanced stages of discussions about establishing a presence in the city, he said.

"Of course the auto industry is a hot pie that everyone wants," said Mr. Zhou. "I believe, in the end, Foshan will be smiling."

– *Colum Murphy*. Follow him on Twitter [@Colum\\_M](#)

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