

2-9-1994

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### Recommended Citation

LADB Staff. "Germany's Mercedes Benz To Invest US\$100 Million in Mexico in 1994." (1994). <https://digitalrepository.unm.edu/sourcemex/3107>

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## **Germany's Mercedes Benz To Invest US\$100 Million in Mexico in 1994**

*by LADB Staff*

*Category/Department: Mexico*

*Published: 1994-02-09*

In late January, Mercedes Benz de Mexico announced plans to invest about US\$100 million in plant upgrade and other projects during 1994. The company, which opened its first passenger car assembly plant in Mexico in February of 1993, did not specify exactly how the funds will be spent, although the investments are expected to boost productive capacity. A drop in demand in 1993 had led to a decline in output by the company, which produced a total of 11,000 trucks and busses last year, down from 11,600 units in 1992.

Nevertheless, according to Mercedes Benz de Mexico executive Andreas Sperl, the company expects the Mexican economy to rebound in the near term, which should result in increased domestic sales of vehicles. Sperl told reporters that the company which in 1993 gained a 35% share of the Mexican market for trucks and busses plans to expand its market share by producing a "higher quality" vehicle, such as the L-914 model to be assembled at its plant in Nuevo Leon. He said this model is able to carry up to six metric tons, double the capacity of most other trucks.

On a related matter, in late January Mercedes Benz de Mexico formalized a joint venture with Brazil's Compania Americana Industrial de Omnibuses (CAIO) to assemble passenger buses in Mexico. According to CAIO president Claudio Regina, the Brazilian company will invest US \$20 million and will own a 15% stake in the joint venture, which will be called Mercedes Benz Omnibuses de Mexico. On Jan. 6, meanwhile, the other German motor vehicle manufacturer in Mexico Volkswagen de Mexico reported its first shipment of luxury "Golfo GTI" models to Brazil.

The shipment was comprised of 603 vehicles assembled at the Volkswagen plant in Puebla. In September of 1993, Volkswagen de Mexico also started shipping cars from the Puebla plant to Chile. At that time, company officials discussed near-term plans to export Volkswagen vehicles assembled in Mexico to Venezuela and Peru.

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