

Daimler opens first Mercedes plant in E. Europe

KECSKEMET: German automaker Daimler opened its first Mercedes-Benz factory in eastern Europe here Thursday (29 March 2012), a rare sign of foreign investor confidence in a country at odds with the European Union.



"We are making history today: less than four years after the location decision was made," the plant's managing director Frank Klein said at the official opening.

The state-of-the-art plant in Kecskemet, some 70 kilometres (45 miles) southeast of Budapest, is due to build up to 120,000 cars each year and employ at least 3,000 people at full capacity. The 800-million-euro (\$1.06-billion) plant could also give a significant boost to a struggling Hungarian economy fighting to avoid recession.

"This is not only an investment but also an alliance," Prime Minister Viktor Orban said at the opening. "The 800 million euros were money well spent," added Mercedes-Benz chief executive Dieter Zetsche.

He also said the company was committed to educating the Hungarian workforce by creating training programmes in specialised schools and colleges. Hungary beat rival sites in Poland and Romania to strike a deal with Mercedes-Benz owner Daimler in 2008, and construction on the factory began a year later with test production kicking off last year.

B-Class compacts have been rolling off the assembly line since then, but Mercedes said it plans to expand production to other models in the near future.

The plant's initial 2,500 employees will meanwhile receive salaries of around double the Hungarian average of 800 euros a month, a figure still well below the usual wage in Mercedes' native Germany.

Mercedes-Benz's investment is one of the largest in Hungarian history, behind German rival Audi, part of Volkswagen, which has poured some four billion euros into a car factory in Győr, west of Budapest, since 1993.

Orban has courted foreign investment even as he has resisted EU pressure to reverse reforms that critics say give him a

dangerous amount of power and undermine democracy. The prime minister is seeking an estimated 15-20 billion-euro stand-by loan from the EU and International Monetary Fund, but Brussels insists Budapest must change some of its new laws before aid talks can begin.

Source: AFP

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