

Chinese auto importer signs Ricart, Ricart Automotive becomes the second area dealer preparing to add Chinese vehicles to its auto lineup

Business First of Columbus

June 23, 2006

By Kathy Showalter

Another importer of Chinese-made cars is paving a route into Columbus.

Ricart Automotive Group has paid \$40,000 to become a dealer for China Car Distributors Inc. of Scottsdale, Ariz., which plans to provide U.S. dealerships with a sedan and sport utility vehicle from two Chinese producers, Business First has learned.

Ricart Automotive, which holds foreign and domestic dealerships, plans to build a 20,000-square-foot showroom and service facility for the Chinese vehicles at its sprawling retail mall in southeast Columbus.

Through its agreement with importer China Motor Car Co., Ricart Automotive becomes the second Central Ohio dealer preparing to add a Chinese import to its vehicle lineup. Mark Brentlinger, owner of Midwestern Auto Group LLC in Dublin, this year signed on as a dealer for Chery Automotive Co., a Chinese make that will be imported by Visionary Vehicles LLC of New York.

But Brentlinger's will sell a different make of car, creating competition with Ricart for Chinese vehicles.

In fact, competition for the U.S. market prompted China Motor and China Car Distributors to develop their business network without fanfare.

"There will be a shakeout in these China products," said CEO Rhett Ricart. "You have to be the first one in on these."

Business First was unable to reach Brentlinger for comment.

Loaded for price

Indeed, the U.S. market is seen as ripe for Chinese cars, which the trade press generally describes as improving in quality, low on price and virtually unknown in America.

China Car Distributors intends to launch its U.S. business with a 2006 Europa sedan, which would be priced for less than \$20,000, and a 2006 Hover SUV, starting at about \$17,000.

The company could later introduce models with sticker prices starting around \$9,000.

The Europa is loaded with electronics including a DVD player, TV and a refrigerated compartment in the glove box, said John Mandella, managing partner of China Motors of Capitola in Santa Cruz County, Calif.

Mandella has built a \$2.4 million prototype showroom in Santa Cruz County for the car.

The Europa is designed by Germany's BMW and Brilliance China Automotive Holdings, based in Hong Kong.

The Hover SUV, built by Baoding Great Wall Motor Co. Ltd. of China, is equipped with a Mitsubishi engine and a Delphi fuel-injection system. On some of the models there is even a German-built Wesbasto sunroof.

"The Japanese, the Koreans and the Chinese (are making) quality, efficient products that will appeal to American consumers at affordable, reasonable prices," Mandella said. "Do we have something going? You bet we do. ... We'll be selling these for a long time."

But when is a big question. Ricart said China Car Distributors hoped to deliver the first Europas and Hovers to U.S. dealers this fall.

But Mandella, who also owns a piece of a company that will distribute China Motor cars in northern California, said it could be December before the imports get the U.S. approvals they need.

Experienced importers

The China car trade is being developed by western executives who know the auto business.

China Motor is a family-owned company in Scottsdale, founded by David Shelburg Sr., who worked several years in the 1960s with auto maven Malcolm Bricklin to import Subaru vehicles from Japan. Bricklin founded Visionary Vehicles to import Chinese cars made by General Motors Corp. to the U.S.

"Now, we're at opposite sides of the fence," Shelburg said.

China Car Distributors, formed to hand out the vehicles that China Motor imports, is led by Max Holmes, who owns Holmes Automotive Group in Des Moines, Iowa.

The distributor's executive vice president, Don Bishop, also of Des Moines, worked 35 years for General Motors in the automaker's wholesale business.

Despite merchants' rosy predictions for Chinese cars in America, buyers of the vehicles will face challenges, experts caution.

The U.S. market has changed dramatically from when Shelburg and Bricklin imported Subarus, said David Cole, chairman of the Center for Automotive Research in Michigan.

The market is saturated with new-car businesses, and productivity and quality among American car makers has improved. Also, U.S. emissions and safety standards make it a tougher market to crack for exporters.

"The Chinese can do this," Cole said. "Look at the role the Japanese and the Koreans (have), but because there are more players, it makes it more complex."

Still, Cole said he thinks signing on as a Chinese-make auto dealer makes sense for U.S. retailers such as Ricart and Brentlinger.

"If this develops, they're on the ground floor," he said.

Ricart Automotive Group

Business: Sells and leases new and used cars.

Based: Columbus

President: Rhett Ricart

Owners: Fred and Rhett Ricart

Employees: 503

Area employees: 483

2005 revenue: Would not disclose

Web site: ricart.com