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UPDATE: General Motors To Invest \$500M In Mexico Plant

(Updates with further details on engines, new vehicle; adds comments from local GM director.)

By Paul Kiernan Of DOW JONES NEWSWIRES

MEXICO CITY (Dow Jones)--U.S. automobile giant General Motors Co. said Tuesday it plans to invest close to \$500 million in its Ramos Arizpe plant in northern Mexico to produce a new line of engines as well as a new vehicle.

Of that amount, the company is investing \$284 million to manufacture eight-cylinder engines with spark-ignition direct-injection technology, known as SIDI, Grace Lieblein, chief executive of GM de Mexico, said at an event.

"We estimate that these technologies allow for a 9% improvement in fuel efficiency from current engines," Lieblein said, adding that the investment will directly create 390 jobs in Coahuila state, where Ramos Arizpe is located.

Another \$215 million will go toward upgrading the factory's production lines to build a new vehicle for the domestic and international markets, she said, noting that the investment will be key to maintaining 400 jobs.

Assembly of the vehicle, which wasn't named, is set to begin in the last quarter of 2011. GM plans for it to "give long-term viability to this plant by gradually substituting some production volumes."

Lieblein said General Motors has invested \$4.1 billion in Mexico over the last four years.

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