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Contact:
Greg Harris
256.824.6060

The road ahead looks bright for Alabama's automotive manufacturers

HUNTSVILLE, Ala.—The automotive manufacturing industry in Alabama continues to grow, impacting more than 86,000 employees and generating nearly \$3.3 billion in payroll.

Researchers with the Office for Economic Development at the University of Alabama in Huntsville (UAH) conducted the third annual study of the automotive industry, which predicts strong job growth over the next two to three years. Results of the study were presented Friday at a meeting of the Alabama Automotive Manufacturers Association (AAMA).

The survey includes 207 companies that reported employment of 31,197 workers in 2003, up 3.4 percent from 2002. These jobs support another 55,477 jobs as a result of purchases by industry employees and companies. The 86,674 direct and indirect jobs generated a payroll of \$3.29 billion in 2003.

Gov. Bob Riley said the survey analysis is full of encouraging signs for the future. "The automotive industry is already a vital part of our state's economy, and there is every indication it will provide substantially more jobs for Alabamians in the next few years," said Riley.

There were 32 new plants established in Alabama in 2003 in addition to the 13 new plants added in 2002. More than half of the 207 plants in the study had fewer than 50 employees.

"Many of the smaller employers are still in the startup stage," said Greg Harris, UAH researcher. "We expect employment at these plants will grow significantly as companies ramp up to full production."

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The next surge in automotive employment is expected to come in 2005-2006 when Hyundai Motor Manufacturing of Alabama and new suppliers go into production. Hyundai plans to begin producing at its Montgomery County plant in March 2005.

Besides a growth trend, the study reveals the automotive industry is expanding into new areas of the state. Bullock, Coffee, Crenshaw, Elmore, Lauderdale, Lowndes and Macon Counties were all added to the state's automotive map. Twenty of the 32 new plants are located in regions of south Alabama with the southernmost region experiencing a 66.7 percent increase in plants.

Growth was strongest in the north-central region of the state, which includes Tuscaloosa and Talladega Counties, home to Mercedes Benz and Honda facilities. This region saw a 12 percent increase in jobs, a 43 percent increase in plant floor space and the addition of nine new suppliers. Tuscaloosa County ranks number one and Talladega County ranks number three in terms of overall state automotive industry jobs.

The mid-south region, extending from Chilton to Lowndes and including Montgomery County, increased jobs and plant floor space each by 20 percent and added 14 new supplier plants. Much of this growth is attributed to the Hyundai plant.

The north Alabama region decreased in jobs and plant floor space by 10 percent. The closing of Madison County's Dunlop plant is largely responsible for the losses. Madison County moved from first to second in automotive manufacturing employment.

Overall, seven automotive manufacturing plants closed in Alabama during 2003 with a loss of 2,001 automotive manufacturing jobs.

"The industry saw some ups and downs in 2003," said John Harrison, director of Alabama Department of Economic and Community Affairs. "However, we are excited about the growth that is still coming. We see automotive manufacturing as a robust and growing part of Alabama's economy that will only get stronger."

The study was supported by the AAMA, the U.S. Department of Transportation, the Alabama Technology Network, UAH and ADECA.

Results of the study were presented Friday to more than 200 automotive leaders attending the AAMA quarterly meeting in Huntsville.