

The recession put a damper on sales of automobiles, but Alabama's OEMs are now experiencing some growth, creating new jobs at all levels of the industry.

BY LAURA STAKELUM



Even when times are tough, Alabama's economy is strengthened by the automotive industry in the state. Often the effects of the industry can be felt in unexpected places.

Most folks in Alabama are aware of Original Equipment Manufacturers (OEMs). When a recognizable, successful global company moves to the state of Alabama, it makes the news. But the economic impact of these companies isn't only felt in the communities where they are located. The effect of the investments made by OEMs, like Mercedes-Benz in Tuscaloosa, Honda in Lincoln, Toyota in Huntsville and Hyundai in Montgomery, can be felt all over the state. Suppliers who provide parts and services to these plants are all over Alabama and keep the supply chain of the automobile industry strong. When all the links in the chain work together, the strength of the chain is reflected in the economy of the entire state.

Steve Sewell is executive vice president of the Economic Development Partnership of Alabama, a nonprofit organization that works to attract new business and industry and support existing industry. Sewell also serves on the board of the Alabama Automotive Manufacturers Association. According to Sewell, the industry hit its all time high in 2007, producing 738,000 vehicles in Alabama. In 2008, when the global economic crisis hit, the automobile industry was impacted. Consumer demand diminished and automobile sales dropped, both globally and in the United States. By 2009, only 468,000 vehicles were produced in Alabama. However, the numbers began to rise again in 2010 with the production of 711,000 vehicles, and continued to rebound in 2011 with 730,000.

Despite the decline in production during the past few years, the companies remain committed to their workers, community and state. In times of crisis, like the aftermath of tornadoes in Tuscaloosa, several companies donated funds to help with cleanup. Moreover, some let their employees use company time for volunteer cleanup work. Charities,

nonprofit and civic groups have benefited from the generosity of the automotive industry in Alabama at one time or another.

“We saw the commitments in action and we are fortunate to attract such world class companies,” Sewell says. “These companies see Alabama as their home. They are great corporate citizens and employers.”

The automotive industry provides 42,000 direct jobs. And, according to an AAMA study, factoring in indirect jobs, over 120,000 jobs are provided by the industry. This number makes the automotive industry vital to providing quality employment opportunities in the state.

“A conservative estimate for spin off jobs is five to one,” Sewell says. Every one OEM job creates about five jobs in the state for other employees in the automotive industry.

When it comes to economic development, automobile manufacturers get a lot of attention because of the far-reaching impact the industry has, and in the last couple of years, a great deal of that news is good.

Huntsville’s Toyota plant recently expanded, as did Mercedes in Tuscaloosa. Honda recently added \$191 million in expansions, and Hyundai in Montgomery expanded with a new engine plant. If the economy in Alabama holds, the automotive industry is poised to have another good year. When the plants expand, suppliers also must expand to meet the demands. This provides additional growth for the state and can even mean the addition of new suppliers.



Gov. Robert Bentley joins in the launch of the new line of 4-cylinder engines at Toyota’s plant in Huntsville. The addition of the 4-cylinder engine makes the Toyota Motor Manufacturing Alabama Inc. plant the only Toyota plant in the world to make 4-cylinder, V-6 and V-8 engines in one facility.

“I am optimistic about growth,” Sewell says. “The companies here have been successful and that spurs growth at all levels.”

Attracting successful global companies puts Alabama in a very good position. But the variety of products created in the state also helps ease economic woes. Diversity offers protection from any downturns that may occur.

“Economic development is about attracting better paying jobs that are so important to growing opportunities,” Sewell says. “Automotive jobs have helped replace jobs that were lost in other sectors.”

For a worker in the automotive industry, the average wage industry wide in 2010 was \$1,200 per week. This is a higher than the average wage in many other industries, and the companies also offer good benefits.

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