

# North Georgia likely to benefit from VW plant

By MATT KEMPNER  
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Georgia's loss, oddly enough, may turn out to be Georgia's gain when it comes to the latest auto assembly plant slated for the South.

Volkswagen, which earlier this year dropped consideration of a site near Savannah, announced Tuesday that it will hire 2,000 people for an assembly operation it will build in Chattanooga. That puts the plant within 10 highway miles of the state line and, as Georgia and Tennessee officials see it, dripping with potential benefits for as far south as northern metro Atlanta.

Tennessee's Hamilton County and business dean at the University of Tennessee at Chattanooga. "Needless to say, we hope we enjoy a little bit of it, too."

Economic development officials expect the plant's workers to commute from as much as an hour away. And Georgia officials are just beginning to build a strategy for recruiting auto parts suppliers that will want to be close to Volkswagen as well as the assembly operations of two other German automakers: BMW near Greenville, S.C., and Mercedes-Benz in Vance, Ala.

They expect to target supplier sites as far south as Cherokee County, said Heidi Green, a deputy commissioner for the Georgia Department of Economic Development.

Of course, Georgia officials had sought the Volkswagen plant itself. They pitched a 1,500-acre site in Pooler, near Savannah. But the site didn't make the cut, just as it hasn't for other automakers.

Eventually, Georgia officials backed the Chattanooga site during Volkswagen's search process.

Said Green, "The economic development doesn't necessarily stay right where the plant is located."

Sometimes that movement doesn't work in Georgia's favor. The state showered incentives on Kia to build an assembly plant southwest of Atlanta in West Point, then saw some suppliers locate in nearby Alabama. Officials in that state predict Alabamans will get more than a fourth of the 2,500 jobs at the planned Kia facility, which drew 43,000 applicants.

In Georgia, suppliers are locating as far as 30 miles from Kia's site, Green said. The state has locked in 3,600 Kia supplier jobs and more than \$400 million in investment, she said. "And we aren't done yet."

Even in Tennessee, locals expect some of Volkswagen's benefits to spill into North Georgia and northern Alabama, all part of what's considered a tri-state region.

"Those areas are so close to Chattanooga," said Casavant, the business college dean. "Obviously there will be a tremendous amount of demand for blue-collar and white-collar workers."

Volkswagen picked Chattanooga over rival finalist sites in Alabama and Michigan. Tennessee officials in recent weeks approved \$1.25 million for work at the Chattanooga site along I-75 that was once part of an Army ammunition plant complex. State officials have not released the incentive package that was used as bait to attract Volkswagen.

But in a statement, the company said the "incentives are tied to job creation and capital investment. Additional support includes assistance for public infrastructure and job training. ... "

Volkswagen said the company approved up to \$991.4 million to build the facility, aiming for annual capacity of 150,000 vehicles including new midsize sedans. It plans to start production in 2011.

The company said the plant would create 2,000 direct jobs and "add a significant number of jobs in related sectors."

"Chattanooga is an excellent fit for the Volkswagen culture, having an exceptional quality of life and a long manufacturing tradition," Stefan Jacoby, President and CEO of Volkswagen Group of America, said in a company release.

— The Associated Press contributed to this story.

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