

THE AUTOMOBILE INDUSTRY IN VIRGINIA

Overview

Virginia's association with automobile assembly plants goes back seven decades when the Ford Motor Corporation established a facility in the city of Norfolk in 1925.¹⁸⁹ This Ford manufacturing plant continues to be one of the most efficient in the industry, producing F-Series pickup trucks, including the F-150, the highest selling vehicle in North America. In addition to another manufacturing facility, Volvo Trucks North America in Dublin, Virginia, the state is also host to a number of parts and components manufacturers.



Automobile Parts Suppliers in Virginia

According to March 2003 information provided by the Virginia Economic Development Partnership (VEDP), while the state has not conducted an economic impact study of the automobile industry in Virginia, there are more than 25,000 Virginians employed in the auto making and parts industry, a number representing approximately 7 percent of the state's manufacturing workforce. The parts sector accounts for 78 percent of the state's automotive industry employment while assembly operations total about 4,000 employees. The tire manufacturing sector has the next largest share of automotive employment, with about 3,900 employees, with the motor vehicle seating and trim sector totaling about 3,000 employees. Some of the other prominent supplier operations in Virginia include brake systems, power trains and truck trailers.

The bulk of Virginia's automotive parts suppliers were established in the last 25 years or so even though there are several that were set up much earlier. For instance, Car-Matic Systems, a Virginia Beach company manufacturing automobile, truck and bus transmission systems, was established as far back as 1919. Then, Narricot Industries, Inc., a Boykins, Virginia, company that produces seatbelt webbing, was established in 1947. A sampling of the other automotive suppliers in Virginia include Darco Southern Inc. (located in Independence and producing gaskets and gasket materials); Teleflex Automotive Group (located in Lebanon and manufacturing cruise control and accelerator cables); Toray Plastics, Inc. (located in Front Royal and producing polyolefin foam for automobiles); and, a recent announcement, Visteon (located in Chesapeake and manufacturing plastic fuel tanks).

Virginia's Automobile Production Facilities

» Ford Motor Corporation

This Ford facility in southeastern Virginia currently produces F-Series pickup trucks, including the F-150 model, the highest selling vehicle in North America. The plant was established in the city of Norfolk in 1925, and has survived a world war, numerous economic downturns (including the 1929 depression), and strong domestic and foreign competition. It has emerged to earn a reputation as one of the industry's highest-rated and most efficient facilities. While VEDP has no records from the early decades of this plant, in more recent decades, the facility assembled a variety of automobiles and light trucks before production shifted solely to pickup trucks. Information related to announced expansion projects in the last two decades follows.

State Facts

Percent of Total Workforce	3.5
Direct Employment	22,600
Auto-Related Employment	38,900
Auto-Dependent Employment	116,500
Wages	\$4 Billion
New Vehicle Dealerships	550
Dealership Annual Sales	\$17.1 Billion
Production Facilities	1
Vehicles Produced	195,160
New Registrations	433,853
Registered Vehicles	6,046,127
Publicly-Owned Vehicles	87,369
Licensed Drivers	4,787,000
Total Miles Driven	74.8 Billion

Source: 2002 Ward's Motor Vehicle Facts & Figures

Ford Motor's Expansion, Investment and State Incentives 1984-2002			
Year	Additional Employment	Ford's Investment	Virginia's Incentives
1984	0	\$46 million	Not available
1985	100	None	Not available
1991	0	\$165 million	Not available
1993	0	\$77 million	Not available
1994	400	\$326.8 million	Workforce Services Training Funds - \$129,750
2001	200	\$375 million	» Governor's Opportunity Fund - \$500,000 » Virginia Investment Partnership Grant - \$3,000,000 » Major Business Facility Job Tax Credit - \$150,000 » Workforce Services Training Funds - \$200,000
2002	250	\$25 million	Workforce Services Training Funds, \$250,000

Source: Virginia Economic Development Partnership

» *Volvo Trucks North America*

This Volvo facility in Dublin, in southwest Virginia's Pulaski County, currently produces Class 8 heavy-duty trucks. The project was first announced in 1973, by White Motor Corporation of Cleveland, Ohio, and vehicles were produced at the plant in 1975. The initial project investment totaled \$31.6 million, which included \$15.4 million in machinery and equipment and \$16.2 million in land and building costs. The initial employment estimate amounted to between 550 and 600 employees. Even though there is no record on project incentives that might have been provided to the company at inception, it was common for projects initiated during that era to use state industrial training funds, i.e., currently referred to as Workforce Services Training Funds. (Virginia had no other major discretionary incentive programs at that time.)

In 1981, Volvo bought White Motor Corporation and operated the facility as Volvo-White Corporation. In 1986, General Motors acquired a 17 percent stake in Volvo-White and by 1988, General Motors turned its heavy truck production over to Volvo-GM Heavy Truck Corporation. By 1994, Volvo Heavy Trucks North America was an independent operation of Volvo AB. Information related to recent expansion announcements, in the last 15 years, is noted here.

Volvo Expansion, Investment and State Incentives 1987-1999			
Year	Additional Employment	Volvo's Investment	Virginia's Incentives
1987	350	0	Not available
1994	175	\$200 million	Not available
1997	800	0	Not available
1999	1,277	\$148 million	» Governor's Opportunity Fund - \$3 million » Workforce Services Funds - \$2.5 million* » Virginia Investment Partnership Grant - up to \$25 million* » Special Allocation to Pulaski County for Infrastructure - \$3 million » Center of Excellence Training Center - \$5 million* » Rail Industrial Access Program - \$150,000 » Industrial Access Road Program - \$450,000 » Various Tax Incentives (Enterprise Zone, Major Business Facility Job Tax Credit, Recycling Tax Credit) - Not Available*

Source: Virginia Economic Development Partnership

* Most of the incentives for this project were structured on a performance basis and tied to job creation and investments. Given the deterioration of market conditions for heavy trucks following the 1999 announcement, most of these incentive payments have not yet been paid pending the company realizing its performance targets. In the case of the tax incentives, the company's actual tax benefits are largely driven by statutory requirements. Under Virginia law, private taxpayer information cannot be divulged.