

# THE AUTOMOBILE INDUSTRY IN WEST VIRGINIA

## Overview

In responding to this report's survey questionnaire, the West Virginia Development Office (WVDO) forwarded a series of statistics on 47 automotive supplier operations in the state.<sup>189</sup> (This information extended for the 13-year period 1990 to 2002.) Even though West Virginia does not have an automobile assembly plant within its borders, the state has a thriving automobile parts industry which plays a prominent role in its economic orientation. In this connection, two major players spring to the forefront: General Motors and Toyota. The state also promotes its proximity to a number of automobile manufacturing plants located in the eastern half of North America, as far north as Ontario, Canada, and upstate New York, as far west as Illinois and Indiana, and as far south as South Carolina and Alabama. Hence, the focus of the West Virginia section of the report will be the state's automobile parts industry.

## Manufacturing and Supplying Parts To the Automobile Industry

As indicated at the outset, West Virginia's largest automotive suppliers—in terms of investment—are General Motors and Toyota. According to the West Virginia Development Office, General Motors has a parts manufacturing facility in Martinsburg (in Berkeley County) which, in May 1991, underwent an expansion that generated an additional 60 jobs; these jobs were in addition to the 940 jobs already at the facility at that time. In December 1999, this General Motors parts facility underwent another \$26 million expansion; the total number of positions at the plants at this point was 1,000. (According to the West Virginia Development Office, in October 2003, the employment level at this plant was 552).<sup>190</sup>

The major automotive parts manufacturer in the state is Toyota Motor Corporation, and for the period reported (1990 to 2002), Toyota had three expansion projects (two in 1998, in January and September and in January 2001) along with the original investment in May 1996. These four distinct Toyota investments have amounted to almost \$1 billion in West Virginia; \$400 million as the original investment, \$300 million in January 1998, \$200 million in September 1998, and then another \$50 million in January 2001, for a total of \$950 million. The Buffalo (Putnam County) plant originally employed about 300 people and manufactured automobile engines.<sup>191</sup> In January 1998, during its first expansion, Toyota doubled the engine-production work force and then in September of that year, the company added an automatic transmission manufacturing facility and employed an additional 200 individuals. Finally, in January 2001, Toyota announced that it would build a new production line to the facility and add an additional 200 employees to make engines and transmissions for the Lexus RX 300 sport-utility vehicles (SUV) and the Toyota Matrix, a new subcompact sedan-SUV hybrid. The Buffalo, West Virginia engine factory has the honor of being the first in the United States to make engines or transmissions for the company's luxury line of vehicles, the Lexus. This latest expansion boosted the total number of employees at the plant to about 1,000 persons.



## State Facts

Percent of Total Workforce	3.8
Direct Employment	5,900
Auto-Related Employment	8,800
Auto-Dependent Employment	26,800
Wages	\$780 Million
New Vehicle Dealerships	188
Dealership Annual Sales	\$3.5 Billion
New Registrations	92,181
Registered Vehicles	1,441,735
Publicly-Owned Vehicles	48,578
Licensed Drivers	1,347,000
Total Miles Driven	19.2 Billion

Source: 2002 Ward's Motor Vehicle Facts & Figures

A number of trends may be gleaned from the information provided by the West Virginia Development Office on the state's automotive suppliers. In terms of the different operations within the state, the distribution of when most of them were established follows:

- 1990 two companies including PTI in Point Pleasant (Mason County) manufacture injected molded components;
- 1991 two companies including South Charleston Stamping & Manufacturing in South Charleston (Kanawha County) produce stamped auto parts;
- 1994 two companies including NGK Spark Plug Manufacturing in Sissonville (Kanawha County) manufacture spark plugs;
- 1995 two companies including American National Rubber in Ceredo (Wayne County) produce rubber products and gaskets for the automobile industry;
- 1996 seven companies including Diamond Electric Company in Eleanor (Putnam County) manufacture ignition coils;
- 1997 three companies including Lippert Components in Berkeley Springs (Morgan County) produce metal RV components;
- 1998 seven companies, including the aforementioned Toyota facility, manufacture V-6 engines for the Camry, Avalon, Sienna and Solara, along with automatic transmission engines for the company;
- 1999 seven companies including D & E Industries in Huntington (Cabell County) produce tractor trailer brake cams and axle housings;
- 2000 three companies including Crossville Rubber Products in Clay (Clay County) blends rubber compounds to produce semi-truck cab compartment mats;
- 2001 four companies including NGK Spark Plug Mfg. in Sissonville (Kanawha County) produce oxygen sensors for automobiles; and
- 2002 five companies including Great Lakes Truckland, Inc. in Cross Lanes (Kanawha County) convert medium-duty trucks

Another trend that may be extracted from a review of these 47 operations is the fact that while 32 underwent an expansion during the review period, the remaining 15 were brand new operations. In terms of the incentive packages offered by the state to these individual operations, eight of them either did not receive any incentives (seven) or there was no information available on possible incentives provided (one). Of the remaining 39 different operations, 10 were offered incentives in the form of finance and training, while the remaining 29 all were provided a combination of tax exempt bonds, tax credits and assistance in securing a suitable site, labor force training assistance, equipment purchases, warehouse and building construction.

Furthermore, these 47 different operations generated at least 3,242 new jobs over the review period, ranging from the 400 new hires at NGK Spark Plug Manufacturing after it was established in 1994 in Sissonville, to the 300 new hires after the expansion at the Putnam County Toyota plant. Finally, in terms of the total investment of these 47 different operations, the WVDO reports that for the review period it amounted to \$1.2 billion; in return, the West Virginia Economic Development Agency (WVEDA) provided \$10.2 million in loans to these 47 operations.