



For Immediate Release

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**Brookings report provides Tennessee roadmap for automotive manufacturing growth
Supplier network growth and public sector collaboration keys to competitiveness**

NASHVILLE, Tenn. – A report released today by the Brookings Institution’s Metropolitan Policy Program touts Tennessee’s automotive manufacturing industry as the “southern automotive powerhouse” and issues recommendations that could increase Tennessee’s competitiveness in the global auto marketplace.

According to Brookings, Tennessee’s automotive is strong and could be even brighter if the state develops strategies to grow the supplier network, develop more high skilled workers, and foster a culture of innovation. Succeeding on these dimensions will ensure that the state remains a top choice for automotive industry expansion amid increasing competition in the global automotive market.

In its report, titled “Drive! Moving Tennessee’s Automotive Sector Up the Value Chain,” Brookings writes, “Tennessee has emerged as a southern automotive powerhouse. The state’s original underlying strengths—a strategic, low-cost location equipped with excellent transportation infrastructure—have been enhanced in the last decade and now position Tennessee quite well in the face of a number of disruptive megatrends that will alter the global industry. Despite growing domestic and international competition the state’s prospects are in fact bright.”

Brookings, the highly respected research and policy organization, affirms Tennessee’s position as a leader in the North American automotive industry, including:

- The state is home to the largest auto industry in the South in terms of employment, and supply chain employment;
- An industry profile with 650 automotive businesses (direct employment) including three original equipment manufacturers (OEMs) – Volkswagen, Nissan and General Motors;
- More than 94,000 Tennesseans work in automotive manufacturing; 12,000 work directly for VW, Nissan and GM; and 82,000 more (78 percent of the industry) in the supply chain.
- A network expanding across 75 of the state’s 95 counties.
- An industry that accounts for more than one-third of all state manufacturing jobs;
- The driving force of Tennessee’s recession recovery, responsible for 12 percent of all job creation since 2008. From 2010 – 2012 employment increased by an average 16.1 percent compared to 1.8 percent for the overall economy.

“Our industry is a primary driver of Tennessee’s economy and a major contributor to prosperity and quality of life of our citizens,” said Tom Brewer, president of the Tennessee Automotive Manufacturers Association (TAMA). “This success happened over a 30-year period due to strong leadership, policies and business-friendly fundamentals that have positioned Tennessee for an exceptional future as the headquarters of Southern automotive manufacturing.”

Brookings identifies three strategies designed to keep Tennessee on this path and propel the state forward:

- Prioritize growth of the supplier marketplace by implementing policies that create avenues for exporting, reward research and development and improve access to capital for technology transfer and capital expenditures. The state should also play a role in encouraging suppliers to collaborate.
- Lead the way in developing creative solutions to resolve the workforce challenges for large automakers and small and medium-sized companies. The report recommends a state-led effort that leverages its regional economic development zones to create training programs tailored to the automotive specialties in those regions.
- Encourage innovation through research and development tax credits and facilitate collaboration between private industry and the state's research institutions to help overcome competition from lower-cost countries and will move Tennessee from a primarily production location to a center of excellence for innovation and research and development

In addition to comprehensively analyzing the state's automotive assets and opportunities, the report outlines a number of challenges that could threaten the state's top position, including:

- Cost pressures remain intense. Wages are converging across the United States and free-trade agreements make low-cost countries like Mexico attractive for new location decisions;
- A shortage of skilled workers threatens expansion of existing firms;
- Changing preferences of drivers and regulatory requirements will require automakers to develop and implement new technologies more quickly. Innovation and research and development expertise is needed at all levels of the supply chain, the report states.

The Brookings study recommends increased private and public sector support of a strong industry association to "market and advocate for the industry and facilitate networking, learning, and supply chain activities."

"As the state's leading automotive industry organization, TAMA is excited to support our state's leaders as they take steps to drive Tennessee's most important advanced industry forward," said Brewer.

Visit <http://www.brookings.edu/research/reports/2013/10/04-tennessee-automotive> to read the Brookings Institution report in its entirety.

To learn more about TAMA visit www.TennAuto.org.

About TAMA

TAMA is a membership organization created to strengthen and expand Tennessee's **automotive industry**. TAMA's diverse membership includes original equipment manufacturers; Tier 1, 2 and 3 suppliers; government agencies; and professional services organizations that have specialized expertise in the automotive industry. TAMA was formed in 1987 in response to Tennessee's rapidly growing automotive manufacturing industry led by Nissan North America and General Motors - Spring Hill (originally Saturn Corporation). TAMA helps Tennessee automotive companies, especially suppliers, react to the challenges of the global automotive marketplace.

For more information visit www.tennauto.org or call Sally Anderson Parker at (615) 242-8856 or (615) 210-6330.