
[Volkswagen announces plans for factory in Chattanooga, Tenn.](#)

By Damon Lavrinc on 07-15-2008

Volkswagen announced this morning that it would build a manufacturing plant in Chattanooga, Tenn. where it will build a vehicle specifically for the North American market. The plant will employ 2,000 workers from the tri-state area and is expected to invest \$1 billion in the local economy.

The plant is an integral part of Volkswagen's plan for expansion in the N.A. market, with sales expected to crest 800,000 units by 2018. The 1,350-acre site will produce 150,000 vehicles annually – specifically a midsize sedan – in 2011.



PRESS RELEASE

VOLKSWAGEN GROUP OF AMERICA ANNOUNCES IT WILL PRODUCE CARS IN CHATTANOOGA; DECISION MARKS COMPANY'S ONGOING COMMITMENT TO NORTH AMERICAN MARKET

Company will invest \$1 billion and bring about 2,000 direct jobs to tri-state area

HERNDON, VA (July 15, 2008)

Volkswagen Group of America, Inc. announced today that it will build a U.S. automotive production facility in Chattanooga, Tenn., where it will produce a car designed specifically for the North American consumer and invest \$1 billion in the economy.

The company will build the facility in the Enterprise South Industrial Park, located 12 miles northeast of downtown Chattanooga. The 1,350-acre site is 100 percent owned by the city of Chattanooga and Hamilton County and is certified as an industrial megasite by the Tennessee Valley Authority. Enterprise South is adjacent to Interstate 75. Initial production capacity for the facility is anticipated to be 150,000 vehicles, including a new midsize sedan designed specifically for the North American market. Production is scheduled to begin in early 2011.

With the new plant, Volkswagen will bring about 2,000 direct jobs to the area, and will add a significant number of jobs in related sectors. It is expected that these jobs will come from the tri-state area, pulling from the labor force of Tennessee as well as Georgia and Alabama. Volkswagen of America received an attractive, comprehensive package of incentives for the new facility from Gov. Bredesen's office and the Tennessee Department of Economic and Community Development. The statutory incentives are tied to job creation and capital investment. Additional support includes assistance for public infrastructure and job training,

each designed to ensure the local economy best leverages Volkswagen's investment to benefit the local work force and ensure the facility's success.

"This area has a deep base of well-trained labor, with excellent engineering and manufacturing programs at the universities and technical colleges," added Stefan Jacoby, President and CEO of Volkswagen Group of America. "Thanks to the visionary leaders and people of Chattanooga, we're confident that the values of this area are compatible with our own, and we envision a long and productive partnership."

Last year, Volkswagen outlined a new strategic direction in the U.S. based on five pillars: product, brand positioning, dealer network, organization, and local production. As it moved forward to assess the potential for local production, the company considered many other site options and earlier this year had narrowed its search to Alabama, Michigan, and Tennessee.

"We reviewed three excellent sites, all of which had the specific qualities necessary to build a plant in the United States," said Jacoby. "Both Gov. Granholm and Gov. Riley were strong advocates on behalf of their states and the citizens they represent. This was a difficult decision."

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