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GM Spring Hill Manufacturing is retooling for its new product due out in late 2008: GM's latest crossover vehicle, the Chevrolet Traverse.

Tennessee has had a lengthy string of successes in the auto industry. More than 35 years ago, Peterbilt established the first automotive assembly plant in Tennessee. In 1981, Nissan located its first automotive assembly plant in Smyrna, followed by a second engine plant in Decherd. Last year, Nissan decided to move its North American headquarters from Southern California to Franklin. General Motors selected and dedicated the Spring Hill site in April 1986.

Earlier this year, nearly 90,000 Tennesseans were employed in the transportation manufacturing sector. Including auxiliary suppliers and the auto distribution channel, the auto industry employed about 125,000 Tennesseans earning more than \$6 billion annually. Tennessee is the nation's fifth-largest producer of cars and trucks. The impact of these jobs on our economy is significant.

But the American auto industry is undergoing structural change, and there is much worry over its future. Advancing technology has increased production efficiency, reducing the number of assembly-line jobs. The industry must adapt to market-force changes. GM and Ford have cut 60,000 North American jobs through buyouts of workers' contracts, largely because of declining sales. In Tennessee, Nissan offered 300 buyouts at its Smyrna plant, with possibly as many as 800 more to be laid off without buyouts. GM's Spring Hill plant saw nearly 1,350 buyouts last year. In the spring, GM Spring Hill Manufacturing temporarily idled 2,400 production employees from its assembly lines in order to retool its plant in preparation for a new product, resulting in nearly 900 more layoffs of auto-parts supplier employees. GM employees are expected to return to work in the first quarter of 2008.

Notwithstanding evolving changes in structure and production methods, state officials are, by and large, optimistic about the future of Tennessee's auto industry. Tennessee's Economic and Community Development Commissioner Matt Kisber says Tennessee's business climate ranks in the top five of U.S. states and Tennessee is committed to worker training and skills improvement. All of this bodes well, whether auto/truck production will rely on hybrid technology, alternative fuels, or an altogether new energy system. Kisber notes in particular the partnership Governor Bredesen is forging with the University of Tennessee and Oak Ridge National Laboratory to construct a biomass ethanol plant for the future of fuel development in the hope of providing long-term benefits to Tennessee farmers.

Three things point to a positive future for the state's auto industry. First, auto makers and suppliers have already made huge capital investments in new Tennessee plants and equipment, which they would rather see succeed than have to abandon. Second, Tennessee government has demonstrated a willingness to offer attractive incentive packages to bring and keep the auto industry here, and this is likely to continue. Third, the state is dedicated to career planning and job retraining programs for the highly skilled auto workers we hope will remain in Tennessee.

If the U.S. auto industry has any bright spots in the future, some of them will likely be in Tennessee.

—Horace Johns, executive editor

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