

BMW expansion to

Automaker to invest \$900 million in Greer plant, hire 300 to make X4

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GREER — A record sales year in its rearview mirror, BMW laid out plans Thursday for another huge expansion of its Upstate assembly plant with 300 new jobs this year in a \$900 mil-

lion project as the German automaker prepares for another model in its X series — the X4.

BMW said the expansion would allow it to make 350,000 vehicles a year at the plant, which already makes the X3, X5 and X6 models. That's a 27 percent increase over the 276,065

vehicles produced last year.

Earlier this week, BMW said that 2011 was its best sales year ever, with global deliveries of BMW, Mini and Rolls-Royce vehicles reaching 1.67 million, up 14.2 percent from 1.46 million the company sold in 2010.

Company officials said total employment at the

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bring jobs

BMW complex along Interstate 85, including contract workers and vendor employees, could reach 8,000 in 2014 from about 7,000 now.

That doesn't include additional off-site hiring by the plant's numerous Upstate suppliers, which are bound to boost employment as a result of the expansion, said Jim Morton, a Greenville resident who was formerly a Michelin North America executive and retired vice chairman of Nissan North America.

"It's going to impact the Upstate and the whole state, the first- and second-tier suppliers, the port and everything else," Morton told GreenvilleOnline.com.

The plant has 40 suppliers in South Carolina and 170 in North America, said BMW spokesman Steve Wilson.

Doug Woodward, an economist at the University of South Carolina who has studied BMW's operations in the state, said he figures the expansion will create an additional three to four indirect and induced jobs for every direct job created at the plant.

"It'll definitely filter through the supplier base and create a significant number of new jobs," Woodward said.

Manfred Kasprzak, an executive with Draxlmaier Group, which makes parts for the X3 in Duncan, said the 27 percent production boost over the next three or four years should translate into an equivalent increase in production employment at Upstate suppliers.

Kasprzak said he doesn't expect more suppliers to build factories in the area, but existing suppliers will have more work. He said Draxlmaier doesn't know if it will get any of the X4 work because BMW hasn't announced the suppliers that will build parts for the new model.

Frank-Peter Arndt, a member of BMW's management board, said the company is responding to rising global demand for its X models. He joined Gov. Nikki Haley for a news conference to announce the expansion and celebrate the production of two million cars at the local plant since its launch in 1994.

"Two million vehicles have prepared our team well to meet the new opportunities that lie ahead for

our plant," said Josef Kerscher, who runs the plant as president of BMW Manufacturing Co.

Company spokesmen said the expansion won't include another assembly line, but would affect the plant's paint and body shops.

Amy Love, spokeswoman for the state Commerce Department, said the agency was still negotiating with BMW about what incentives the state would give in exchange for the investment.

BMW said the expansion, its fourth at the 4-million-square-foot plant, brings its total investment in South Carolina to \$6 billion.

The German automaker spent \$750 million between 2008 and 2010 to expand the plant to make the X3, which had been made by a contract assembly plant in Austria. At the peak of that project, about 1,000 construction workers were on site, Wilson said. It's too early to say how many construction workers will be needed for the latest expansion, he said.

Nearly 70 percent of the



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While celebrating its 2 millionth car made in the United States, BMW also announced a \$900 million plant expansion that will add 300 jobs. KEN OSBURN/STAFF



BMW's \$900 million expansion could be a boon for the automaker's suppliers, which are likely to get an increase in business as a result. KEN OSBURN/STAFF

vehicles made at the plant are exported, mostly through the port of Charleston, making the plant the largest automotive exporter to non-NAFTA countries, according to BMW.

Even with the expansion, South Carolina won't be one of the leading states for auto production, said Lindsay Chappell, mid-South bureau chief for Automotive News.

"But it is more notable to me that we are talking about 350,000 luxury-class vehicles a year," Chappell said.

"What BMW is doing is creating a very large volume luxury vehicle production center. BMW became America's biggest luxury brand last year, and it is putting a larger and larger share of its production source into South Carolina."

With U.S. sales of 247,907 vehicles last year, BMW beat Mercedes-Benz by 2,715 units in a tight race for the top-selling luxury premium brand. Lexus had sat atop the list for 11 years but was hurt by production shortfalls following the March earthquake and tsu-

nami in Japan.

Chappell and another industry expert said little is known about the X4, which BMW hasn't officially unveiled.

Don Sherman, technical director for Car and Driver magazine, said he believes the X4 is a crossover based on the new 3 Series car that BMW introduced this week at the North American International Auto Show in Detroit.

"We don't know much about it beyond that because BMW hasn't said anything official on it," Sherman said.

Chappell said he expects the size of the X4 to be between the X3 and the X5, as its name suggests. He also figures the biggest difference in the X4 could be in the powertrain.

"I'm speculating, but engine variation is becoming a key issue for automakers, including the rollout of powerful, direct-injection engines and the like," he said.

Lewis Gossett, president of the South Carolina Manufacturers Alliance, said the announcement is a "strong endorsement" of the plant by BMW headquarters in Munich and "a strong endorsement for South Carolina's manufacturing climate."