

Tornadoes Shut Down The South's Manufacturing Base

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WASHINGTON (AP) — The devastating tornadoes that swept across Alabama and other southern states Wednesday caused widespread power outages, shut down several large manufacturing plants and could disrupt the region's fragile economic recovery.

Most economists say the setback will likely be temporary. Martin Soler, an associate economist at Moody's Analytics, said Alabama's economy was already struggling to recover from the recession and the storms will probably set it back further. The state's unemployment rate was 9.2 percent in March, above the national rate of 8.8 percent.

As rebuilding begins, though, the state should benefit.

Boeing Co., Northrop Grumman Corp., Toyota Motor Co. and Mercedes said they have idled plants in Alabama, mostly because the factories have lost power. The plants generally weren't damaged by the storms and will likely reopen after a few days.

In the past decade, many overseas auto companies have set up shop in southern states, including Alabama, South Carolina and Tennessee. Those plants, in turn, have spawned networks of parts suppliers located nearby. If those parts suppliers are badly damaged, auto production in the region could face a longer disruption. Most of the companies were still checking on their suppliers Thursday.

The tornado damage compounds troubles for the auto industry, which is already experiencing parts shortages from factories in Japan that were damaged by the March 11 earthquake and tsunami.

But automakers can sustain several days or even a week or two of lost production without a hit to sales. That's because most of them have cars and trucks stocked on dealer lots, said Michael Robinet, an auto industry analyst for the consulting firm IHS Automotive.

After power is restored or damaged factories are repaired, automakers can rebuild inventories quickly, Robinet said.

Managers at the Mercedes-Benz factory in Tuscaloosa County, Ala., decided to stop car and truck production and send workers home Wednesday night so they could help friends and family members deal with the tornado damage, said Felyicia Jerald, spokeswoman for the factory about 30 miles from Tuscaloosa.

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"There's just a lot of damage in the area as a whole. We just thought it was appropriate to do that," Jerald said.

The 4 million-square-foot plant had only minor siding and roof damage, and trees on the site were downed, but it did not lose power and could still produce vehicles, Jerald said.

However, parts supply companies in the area are without electricity, so the company plans to keep the factory closed until Monday. Mercedes was still assessing whether parts supply factories had been damaged.

The factory employs about 3,000 people who make the M and GL Class SUVs and R Class wagons.

A Toyota Motor Co. engine plant in Huntsville, Ala., which employs about 800 people, shut down last night and will stay closed through Friday, a company spokesman said. The factory itself didn't sustain any damage, the spokesman, Mike Goss, said.

Defense contractor Northrop Grumman has closed two facilities in Huntsville, which is in the northern part of the state. Randy Belote, a spokesman for the company, said they haven't received any reports of damage but closed them due to power outages and water shutoffs.

The company employs several hundred people in the region, some of whom have damaged homes, Belote said, making it hard for them to come to work. Still, he expects the facilities will reopen in a "matter of days."

A Boeing factory in Huntsville was also shut down due to power outages "until further notice," a spokeswoman said.

Honda Motor Co. and Hyundai Motor Co. both have huge factories in the state that haven't been affected. But Sara Pines, a Honda spokeswoman, said the company is still checking on the status of its suppliers. The company's plant in Lincoln, Ala., east of Birmingham, makes the Odyssey minivan, Pilot SUV and other models and employs 4,500 people. It's already operating at less than full capacity due to parts shortages from Japan.

Separately, Alabama's agriculture commissioner said the tornadoes and storms caused multi-million-dollar damage to the poultry industry in north Alabama.

Commissioner John McMillan said about 200 poultry houses were destroyed and another 180 damaged. A standard poultry house can hold about 20,000 chickens.

And hundreds of small businesses were damaged or destroyed in Tuscaloosa, Ala., where a massive tornado hit the city's business district.

"It's just unrecognizable," said Robin Jenkins, communications director for the Chamber of Commerce of West Alabama, which is based in the city. "The whole

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cityscape down there has just totally changed."

Still, Alabama should get a boost from construction spending on rebuilding and possible federal aid.

AP Auto Writer Tom Krisher contributed to this report from Detroit.

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