



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

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**DATE:** March 15, 2005  
**TO:** Michigan Economic Growth Authority  
**FROM:** James Donaldson, Vice President  
Business Development  
**SUBJECT:** Briefing Memo – Faurecia Automotive Interior Systems USA, Inc.  
Standard Credit

**COMPANY NAME AND ADDRESS:**

Faurecia Interior Systems USA, Inc.  
2050 Auburn Road  
Auburn Hills, Michigan 48326

**HISTORY OF COMPANY:**

Faurecia is a leading Tier 1 automotive supplier of interior vehicle components and exhaust systems. Traditionally Faurecia (created by the joining of two French automotive suppliers, Bertrand Faure Automobile & Ecia) has concentrated its business in Europe. However, during the last 3 years the business in North America has grown from being a Tier 2 supplier of frame mechanisms into a Tier 1 supplier. Faurecia employs 59,000 worldwide in 160 manufacturing locations in 27 countries including 592 people in Michigan.

Faurecia Automotive Seating operates manufacturing facilities in Troy and Auburn Hills. The Troy facility also serves as the division's North American technical center.

Faurecia Interior Systems operates a technical center in Auburn Hills.

**PROJECT DESCRIPTION:**

Faurecia has been awarded contracts to supply Door Panels, Centre Consoles, Instrument Panels, Cockpits, Inner Door Modules and Front End Modules for products to be manufactured in Toledo, Sterling Heights, and Lansing. As a result, the company is considering the lease of a new built to suit 270,000 square foot facility in Sterling Heights. This facility will serve as the company's Midwest technology/manufacturing plant, and would manufacture components for assembly and sequencing at facilities in the direct vicinity of automotive assembly plants across the Midwest. The company anticipates an investment of \$40 million dollars in machinery and equipment, and creation of 400 new jobs at an average weekly wage of \$800.

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Faurecia Interior Systems USA, Inc.  
Briefing Memo  
March 15, 2005  
Page Two

**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation, it is estimated that these facilities will create a total of 942 jobs in the state by the year 2015. We also estimate that the project would create total state government revenues through the year 2015, net of MEGA cost and adjusted for inflation, of \$31.9 million (2005 dollars) due to the location of this facility.

**BUT FOR:**

The company is considering sites in Ohio, Indiana, and Ontario. An Ohio location would require a small sequencing center located within 10 miles of DCX SHAP, but lower labor costs in Ohio would still save the company approximately \$3.5 million per year once the project is fully staffed.

The Ohio Department of Development and the Ontario Ministry of Economic Development and Trade are actively courting the company and have offered generous incentive packages to attract the facility.

**OTHER STATE AND LOCAL ASSISTANCE:**

The company will be eligible for job training assistance of \$500 per worker for 448 new workers, or up to \$224,000, under the Economic Development Job Training program.

The State of Michigan has also offered 50 percent abatement of the six-mill State Education Tax for a length of time to match the local property tax abatement. This abatement has an estimated value of \$619,000.

The City of Sterling Heights has proposed 50 percent abatement of the company's new real and personal property taxes for 12 years. The estimated value of this abatement is \$4.2 million. These abatements are expected to be finalized in April 2005.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 75 percent employment tax credit for 10 years, for up to 448 net new employees.