



Production issues at Tuscaloosa plant lead to Mercedes storage across region

By Jason Morton / Staff Writer

Posted May 12, 2019 at 6:00 AM

Updated May 12, 2019 at 11:12 PM

In recent weeks, parking lots of new Mercedes-Benz vehicles have been filling up across west and central Alabama.

Officials with Daimler AG, the Germany-based company that owns Mercedes-Benz, aren't disclosing much about the reasons for the thousands of vehicles being parked across the region.

But they did say that production difficulties of the new GLE Class SUV at the Mercedes-Benz U.S. International plant outside Vance has created "challenges" that the company believes it can "overcome."

"As you know, we have a totally new SUV platform on the one hand, we have existing suppliers and of course new ones coming to the SUV side of our business and this complexity of course leads to challenges, which we're optimistic that we can overcome these challenges," said Daimler Chief Financial Officer Bodo Uebber in last month's quarterly earnings call for investors. "We have (a) certain plan now for the next three quarters to come that we have a step-by-step improvement in the delivery position of the GLE."

At issue is the production associated with Daimler's simultaneous launch of the new GLE sport utility vehicle for the three regions it serves — Europe, the U.S. and China — and the unforeseen difficulties associated with that.

"The GLE is based on an entirely new SUV-platform," said a Daimler spokesperson. "We have worked to make our plant highly flexible, and the conversion of production to a completely new architecture is a big challenge. It is a challenge we are working to jointly master with both our existing and new suppliers."

“This is the first time we have had a global launch for all markets ... simultaneously and not a phased launch by markets. As a result, we are using a number of locations in the plant and off-site locations nearby for the temporary storage for our vehicles.”

But they declined to say how many vehicles are being stored.

Mercedes launched the multibillion-dollar automotive industry in Alabama when the company announced in 1993 that it would build the MBUSI plant in Tuscaloosa County. It was the first Mercedes assembly plant outside of Germany and is one of the leading employers in West Alabama.

A German-based publication, Manager Magazin, blamed the problems on faulty electronics and said about 30,000 vehicles were affected, but it did not cite where it obtained this information, according to Automotive News Europe.

Last month, the company reported a 16 percent first-quarter dip in profits, blamed largely on a profitability decline in the main cars unit to 6.1 percent, which is down from 9 percent a year ago, according to financial publication Bloomberg.

Manager Magazin also reported — without attribution — that the production mishaps have led to a revenue shortfall of about \$2.25 billion (2 billion euros), a figure that was later confirmed during the company’s first quarter earnings report.

In contrast, Daimler reported profits of about \$2.02 billion (1.8 billion euros) in the first quarter of 2018, Daimler said.

To shore up these losses, incoming Daimler CEO Ola Kaellenius has a number of ideas, Manager Magazin said, including the trimming of about 10,000 jobs at Daimler.

While Manager Magazin reported this -- again, without attribution -- Daimler representatives declined to specify how many vehicles — and, by extension, jobs — could be affected by the production difficulties.

To store the for-now unsellable vehicles, MBUSI has contracted with private land owners across the region and is reaching out to public landowners, as well.

The company is looking to park some of the vehicles at the Eutaw Airport in Greene County and is in discussions with Tuscaloosa City Hall to place some vehicles on the unused spaces of the Tuscaloosa National Airport.

Tuscaloosa city officials declined to comment on specifics, citing the ongoing negotiations with MBUSI, but did indicate that upgrades, such as the placement of gravel and potentially other land development measures, would have to be performed before any Mercedes vehicles can be placed at the local airfield.

The MBUSI plant, which opened in 1997, is the sole production and distribution site of the GLE SUV (originally named the M-Class), the GLE Coupé and the GLS Luxury SUV. About two-thirds of the vehicles are exported to more than 130 countries around the world. The plant is also one of several sites that manufacture the Mercedes-Benz C-Class sedan.

MBUSI's more than 3,700 employees produce more than 300,000 vehicles annually, with exports exceeding \$1 billion a year, and is undergoing an expansion that will enable it to produce electric versions of all of its vehicles within the next few years.

Reach Jason Morton at jason.morton@tuscaloosaneews.com or 205-722-0200.



LISTEN: This Day In History

May 13th This Day in History

00:00 / 03:54

LISTEN: This Day In History

[Subscribe to podcast](#)

A recap of the events that shape our world. This Day In History.

May 13th This Day in History

03:54

Today in history: Here comes Stevie Wonder! Pope John Paul II shot. Winston Churchill gives first spee ... May 13



May 12th This Day n History

02:12

Today in history: Bob Dylan walks off The Ed Sullivan Show. Pope John Paul II attacked. 'Are You Experi ... May 12



May 11th This Day in History

02:55

Today in history: Bob Marley dies. ValuJet DC-9 crashes into the Florida Everglades. Tornado devastat ... May 11



May 10th This Day in History

04:16

Today in history: Eight die on Everest. John Wayne Gacy executed. Nelson Mandela takes Oath of Offic ... May 10



May 9th This Day in History

04:22