

Hyundai expects nearly half million sales



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By Verna Gates

MONTGOMERY, Ala. (Reuters) - Hyundai Motor Co. Ltd. (005380), which officially opened its first U.S. car assembly plant on Friday, expects its U.S. sales to rise about 16 percent this year to about 485,000 vehicles, said Bob Cosmai, head of Hyundai Motor America.

The Korean automaker will begin selling Sonata sedans built at its new Alabama plant on Saturday, and will expand its lineup with the addition of a hybrid vehicle by the end of the decade, Cosmai told Reuters at the plant.

Although Friday was ribbon-cutting day, the new plant has been in operation for some time.

"It will be another record year," Cosmai said of 2005 sales.

Hyundai, whose U.S. sales risen have 364 percent over the last 6 years to become the fourth largest import brand, sold 418,615 vehicles in the United States last year.

Former President Bush headlined the celebratory opening at Hyundai's \$1.1 billion plant in Montgomery, Alabama on Friday.

"I never believed NAFTA would create a giant sucking sound," Bush said, referring to predictions that the North American Free Trade Agreement would lead to job losses. "Instead it created companies locating where there's the best workforce in the world."

Hyundai's move to Alabama creates the third plant in the southern state, far from the traditional union-friendly Midwest states where the U.S. automakers base most of their facilities. Alabama's lower costs already convinced DaimlerChrysler's ([DCX](#)) (DCXGn) Mercedes and Honda Motor Co. Ltd. (7267) to build factories there.

"When this plant reaches capacity, Alabama will be the third largest producer of automobiles in America," Alabama Gov. Bob Riley said.

Hyundai plans to build 80,000 Sonatas at the plant this year, and next year will start manufacturing the new Santa Fe sport utility vehicle at the facility, which has capacity to build 300,000 vehicles annually, Cosmai said.

While slower sales have forced Ford Motor Co. ([F](#)) and General Motors Corp. ([GM](#)) to cut vehicle production in North America, Asian automakers have been expanding in North America.

Toyota Motor Corp. (7203) this week said it will build a hybrid version of its popular Camry sedan at its assembly plant in Georgetown, Kentucky, beginning late next year.

Hyundai has steadily grown its U.S. sales by offering more for the money, and in recent years, raising its quality to match some of the best mainstream brands in the industry.

Cosmai said that U.S. production won't hurt its ability to compete on price. "We put a pencil to that issue before starting the plant. The cost of production of a vehicle in Korea is about the same as it is here. It is pretty comparable," he said.

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