

Immigration law raises worries over foreign investment in Alabama

By Dawn Kent -- The Birmingham News

Alabama has built a name for itself in global economic development circles over the past 20 years for putting out a welcome mat for foreign companies, attracting billions of dollars in investment and tens of thousands of jobs, primarily in its booming automotive industry.

But there is growing concern that the state's sweeping new immigration law could unravel that carefully crafted reputation.

Last week's arrest of a Mercedes-Benz manager, who was visiting Alabama from Germany, is an embarrassment for state business recruiters and comes as they are courting new suppliers for the German automaker's Tuscaloosa County factory.

The manager, who has since returned to Germany, was stopped by police because his rental car did not have a tag. He was charged with violating the immigration law for not having proper identification, which he had left at his hotel.

"Sometimes we forget in Alabama that when we label a group as a problem and when we paint the brush so broadly, we've included most of the world," said David Bronner, chief executive of the Retirement Systems of Alabama and a key player in luring new business to the state.

Bronner said companies looking to invest in the U.S. are watching the controversy over the immigration law, and at the same time, Alabama's competitors are reminding those companies of the issue.

"We've used difficulties in other states to make sure those people come and look here," he said. "We've just used a hammer and we've hit ourselves over the head with it."

The Republican Party across the country is very concerned about illegal immigrants coming into the United States, and rightfully so, Bronner said.

"Our Legislature wanted to send a message to Washington, which is fine. But you don't send a message that you're the biggest bully in the country," he said.

When foreign companies are looking to set up shop in a state, they're looking for a very different message, Bronner said.

"They're looking not only to be our partners, but they're looking for friendship and love and understanding to help them be successful," he said.

The new legislation, described as the toughest in the country targeting illegal immigration, has been the subject of numerous protests in Alabama. Critics say it recalls the state's intolerant civil rights history.

Some lawmakers have acknowledged that the law has had unintended consequences, including cumbersome paperwork for state agencies and long waits for residents taking care of business at courthouses around Alabama. They are taking a closer look and considering changes.

According to the Alabama Development Office, there are more than 400 foreign-based businesses in Alabama, hailing from 30 countries.

Mercedes effect

Mercedes-Benz helped kick off much of that by birthing the state auto industry when it selected Alabama as the site of its first U.S. factory in 1993. Since then, Honda and Hyundai also have built auto assembly plants in the state, bringing their own suppliers and support businesses.

Just this year, Mercedes has had a string of announcements about new products and expansions. By 2014, the company expects to raise its investment in Tuscaloosa County to more than \$4 billion and to add 1,400 workers to its current 2,800-member workforce.

Gov. Robert Bentley and other economic developers often talk of the state's partnership with Mercedes-Benz, saying the company has helped recruit numerous other businesses to Alabama.

Bentley spokeswoman Jennifer Ardis said Monday that the governor has said no one has told him that the law is a problem in business recruiting.

Mike Randle, publisher of Birmingham-based Southern Business & Development, an economic development trade magazine, said the arrest of the Mercedes manager is an embarrassing development.

"We get foreign visitors all the time. This is going to happen again, there's no question. If it does, I can't imagine what the impact will be," he said.

Randle said the state already is vulnerable where economic development is concerned, with a new administration in Montgomery.

"We're not exactly playing with a lot of strength right now," he said. "We're very vulnerable at this point, because the whole political structure, including economic development, is brand new. This is the last thing Alabama needs."

Perception

Brian Hilson, chief executive of the Birmingham Business Alliance, said the group has no official position on the immigration law, but he said there is a concern.

"The perception of the law, as opposed to the substance of the law, is a potential issue for us in economic development," he said. "There's a significant unknown about the perception of Alabama as a place to live, work and do business."

Hilson said he is encouraged that lawmakers plan to take a closer look at the law.

Frank Sharry, executive director of America's Voice, a Washington-based group that promotes "common sense" immigration reform, said he's not surprised Alabama's law has had so many unintended consequences.

The measure is so radical that it sends the message that foreigners of any kind are not welcome in Alabama.

"As far as I'm concerned, HB56 is a self-inflicted wound of massive proportions in a state that up until now had fought and clawed its way back to respectability," he said. "I can't believe the business community is not standing up to the punks that wrote this bill. They're going to watch five decades of rehabilitation go down the tubes in a matter of weeks."

http://blog.al.com/businessnews/2011/11/immigration_law_raises_worries.html