

# Toyota, Mazda plan \$1.6 billion US plant, to partner in EVs

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Toyota Motor Corp. President Akio Toyoda, left, and Mazda Motor Corp. President Masamichi Kogai, right, pose for media prior to a press conference in Tokyo Friday, Aug. 4, 2017. Japanese automakers Toyota Motor Corp. and Mazda Motor Corp. said Friday they plan to spend \$1.6 billion to set up a joint-venture auto manufacturing plant in the U.S.—a move that will create up to 4,000 jobs. (AP Photo/Eugene Hoshiko)

Japanese automakers Toyota Motor Corp. and Mazda Motor Corp. plan

to spend \$1.6 billion to jointly build auto manufacturing plant in the U.S.—a move that will create up to 4,000 jobs, both sides said Friday.

The plant will have an annual production capacity of about 300,000 vehicles, and will produce Toyota Corollas as well as a new Mazda crossover vehicle for the North American market.

Toyota wouldn't say where the plant would be built. But because the new plant will build the Corolla, chances are it will be located near Toyota's current Corolla plant in Mississippi to be close to parts supply companies. The companies expect the plant to begin operations by 2021.

Toyota said it changed its plan to make Corollas at a plant in Guanajuato, Mexico, now under construction, after reassessing the market. Instead it will produce Tacoma pickups there, Toyota President Akio Toyoda said.

President Donald Trump had criticized Toyota and other automakers for taking auto production and jobs to Mexico, saying vehicles for the U.S. market should be built by U.S. workers. Toyoda denied that Trump's views influenced his decision.

Trump welcomed the announcement in a tweet: "Toyota & Mazda to build a new \$1.6B plant here in the U.S.A. and create 4K new American jobs. A great investment in American manufacturing!"



Toyota Motor Corp. President Akio Toyoda, left, and Mazda Motor Corp. President Masamichi Kogai, right, bow to each other prior to a press conference in Tokyo Friday, Aug. 4, 2017. Japanese automakers Toyota Motor Corp. and Mazda Motor Corp. said Friday they plan to spend \$1.6 billion to set up a joint-venture auto manufacturing plant in the U.S.—a move that will create up to 4,000 jobs. (AP Photo/Eugene Hoshiko)

Sales of small cars have slumped in the U.S. amid steadily low gas prices. Corolla sales fell 10 percent through July. But Toyota hopes the market will have shifted by 2021. If not, the plant will have the flexibility to shift to another model, according to spokesman Scott Vazin.

Toyota plans to acquire a 5.05 percent stake in Mazda, valued at 50 billion yen (\$455 million). Mazda, which makes the Miata roadster, will acquire 50 billion yen worth of Toyota shares, the equivalent of a 0.25 percent stake.

The companies also plan to work together on various advanced auto technology, such as electric vehicles, safety features and connected cars, as well as products that they could supply each other.

In the past, Toyota was not overly bullish on electric vehicles, which have a limited cruise range. But recent breakthroughs in batteries allow for longer travel per charge. Japanese rival Nissan Motor Co. is allied with Renault SA of France and Mitsubishi Motors Corp., and is the global leader in electric vehicles. Their alliance led world vehicles sales for the first time in the first half of this year.



Staffs explain to journalists at the stage for a joint presser of Toyota Motor Corp. , left, and Mazda Motor Corp. , right, prior to a press conference in Tokyo Friday, Aug. 4, 2017. Japanese automakers Toyota Motor Corp. and Mazda Motor Corp. said Friday they plan to spend \$1.6 billion to set up a joint-venture auto manufacturing plant in the U.S.—a move that will create up to 4,000 jobs. (AP Photo/Eugene Hoshiko)

Toyota also noted the growing competition from newcomers in the auto industry like Google, Apple and Amazon, stressing he was worried about autos turning into commodities. He praised Mazda as a great partner in that effort.

Friday's announcement builds on an existing partnership. Toyota, which makes the Prius hybrid, Camry sedan and Lexus luxury models, already provides hybrid technology to Mazda, which makes compact cars for Toyota at its Mexico plant.

The sheer cost of the plant also makes a partnership logical, as it boosts cost-efficiency and economies of scale. Working together on green and other auto technology also makes sense as the segment becomes increasingly competitive due to concerns about global warming, the environment and safety.

"Given the massive level of competition in the industry, partnerships are no longer a surprise," said Akshay Anand, an executive analyst at Kelley Blue Book.



Toyota Motor Corp. President Akio Toyoda, left, and Mazda Motor Corp. President Masamichi Kogai answer a question during a press conference in Tokyo Friday, Aug. 4, 2017. Japanese automakers Toyota Motor Corp. and Mazda Motor Corp. said Friday they plan to spend \$1.6 billion to set up a joint-venture auto manufacturing plant in the U.S.—a move that will create up to 4,000 jobs. (AP Photo/Eugene Hoshiko)

Politics are another incentive.

"The new presidential administration has made it clear investments in the U.S. are a top priority, and this plant may be another nod to that mindset," Anand said.

Mazda, based in Hiroshima, Japan, used to have a powerful partner in Dearborn-based Ford Motor Co., which bought 25 percent of Mazda in 1979, and raised it to 33.4 percent in 1996. But Ford began cutting ties

in 2008, and has shed its stake in Mazda.

Also Friday, Toyota reported its April-June profit was 613.0 billion yen (\$5.6 billion), up 11 percent from 552.4 billion yen a year earlier. Quarterly sales rose 7 percent to 7.05 trillion yen (\$64 billion), as vehicle sales improved around the world, including in the U.S., Europe and Japan.

Toyota stuck to its earlier projection for global vehicle sales for the fiscal year, ending in March 2018, at 10.25 million vehicles.



Toyota Motor Corp. President Akio Toyoda, left, and Mazda Motor Corp. President Masamichi Kogai shake hands after a press conference in Tokyo Friday, Aug. 4, 2017. Japanese automakers Toyota Motor Corp. and Mazda Motor Corp. said Friday they plan to spend \$1.6 billion to set up a joint-venture auto manufacturing plant in the U.S.—a move that will create up to 4,000 jobs. (AP Photo/Eugene Hoshiko)



Logos of Toyota Motor Corp., bottom, and Mazda Motor Corp., top, are placed prior to a press conference in Tokyo Friday, Aug. 4, 2017. (AP Photo/Eugene Hoshiko)





Toyota Motor Corp. President Akio Toyoda, left, and Mazda Motor Corp. President Masamichi Kogai, pose for media prior to a press conference in Tokyo Friday, Aug. 4, 2017. Japanese automakers Toyota Motor Corp. and Mazda Motor Corp. said Friday they plan to spend \$1.6 billion to set up a joint-venture auto manufacturing plant in the U.S.—a move that will create up to 4,000 jobs. (AP Photo/Eugene Hoshiko)

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