

Will Georgia make a play for a Toyota-Mazda factory?

Scott Trubey - The Atlanta Journal-Constitution - Aug. 4, 2017



Journalists look over the 2018 Toyota Camry at the North American International Auto show, Monday, Jan. 9, 2017, in Detroit. (AP Photo/Carlos Osorio) The Atlanta Journal-Constitution

Toyota and Mazda on Friday announced a joint venture to build a new factory in the United States, a move sure to trigger a bidding war among job-hungry states.

The companies did not name a location for the new facility, but they said the \$1.6 billion complex would employ 4,000. A number of car companies — particularly ones from overseas — have picked Sun Belt states for new car plants.

Economic development experts told The Atlanta Journal-Constitution that Southern states, including Alabama, Georgia, North and South Carolina are likely to be among the leading competitors for the factory.

BMW, Hyundai, Mercedes-Benz, Nissan, Volkswagen and Volvo are among the players that have established or announced factories in the Southeast, and Georgia has made a run for a number of car plants over the years, winning the Kia Motors plant last decade.



In this Nov. 10, 2008, file photo, members of a production team work on the under carriage of a Toyota Solara convertible on the assembly line at the Toyota Motor Manufacturing Kentucky plant in Georgetown, Ky.

A Georgia delegation recently visited Japan on an economic trade mission. The state Department of Economic Development, the agency that recruits big jobs deals, declined to comment about specific prospects and directed comment in this case to Mazda and Toyota.

“The state of Georgia always defers to a company to discuss their active location projects,” department spokeswoman Stefanie Paupeck Harper said in an e-mail.

But in her message, Harper wasn’t shy about pitching the state’s attributes an auto manufacturing plant.

“Georgia is an ideal location for automotive manufacturing, as we have seen not only with the Kia plant in West Georgia but the hundreds of automotive suppliers that are located in the state,” Harper said. “Automotive companies will not find another state that has a better combination of logistics, workforce, quality of life and proven record of success than Georgia. There’s a reason why we are consistently ranked as the number one state in the nation to do business.”

Metro Atlanta won the North American headquarters for Mercedes-Benz and Porsche in recent years, coups for the state and Gov. Nathan Deal.

Mazda has its North American headquarters in Irvine, Calif., while Toyota recently moved its North American headquarters from California to the Dallas area. Texas is well-known for its willingness to shower prospects with incentives.

Brian McGowan, a former CEO of Invest Atlanta and an economic development expert in Atlanta at the law firm Dentons, said Texas might be the state to beat.

“I think Georgia would naturally be on the list and that Georgia would go aggressively for it,” McGowan said. “The differentiator on this is probably going to be taxes and incentives.”



Construction on Toyota’s new North American headquarters complex seen on Monday, March 6, 2017, in Plano, Texas. (Smiley N. Pool/Dallas Morning News/TNS)

Boyd, of the Boyd Company, said Florida, Georgia, the Carolinas and Tennessee are likely to be in the mix. Florida does not have a full auto assembly plant, which might give the state an edge, though Georgia and the Carolinas enjoy a number of advantages.

Georgia and South Carolina, with Georgia Tech and Clemson University, respectively, are leaders in research for connected car technology, Boyd said, and Atlanta boasts a globally-connected airport.

“The center of gravity for the auto industry is in the Southeast,” he said. “All the usual suspects are in the running for this factory.”

Auto plants are among the crown jewels for states, and a new Toyota-Mazda factory undoubtedly had lawmakers and recruiters drooling over the possibility of not only the thousands of jobs it would bring, but thousands more from potential suppliers that would undoubtedly locate nearby.

When Georgia landed the Kia Motors plant in West Point, Kia suppliers quickly set up shop nearby to serve the sprawling complex along I-85 in west Georgia.

Roger Tutterow, an economist at Kennesaw State University, said low cost of living and cheaper labor force are among the factors that have pushed auto manufacturing to Sun Belt states. Georgia also has aggressively pitched manufacturers, and Tutterow said, “hopefully we’d be in consideration.”

President Donald Trump, who has put pressure on auto companies, including Toyota, to increase manufacturing in the U.S., cheered the announcement, calling it on Twitter “A great investment in American manufacturing!”

Boyd said Toyota and Mazda, who rely on global trade to sell their cars, will also likely take into account the greatest potential to add political clout in Washington, D.C., in choosing a site.

“The function of our nation’s economic development is now inside the Oval Office,” Boyd said.

Of course Foxconn, the Chinese manufacturer, recently skipped over the South, choosing Wisconsin for a plant and thousands of jobs.

Toyota, in announcing the tie-up, said it would take a 5 percent stake in Mazda. As part of the pact, the joint venture would produce vehicles in the U.S, as well as electric vehicle and connected-car technology and new safety products. The companies said they plan to produce about 300,000 vehicles per year at the new U.S. plant, which would start operations in 2021.

The plant is expected to build crossovers for Mazda and new Corollas for Toyota.

Georgia and South Carolina duked it out for a new Volvo factory a few years ago, with the Palmetto State taking home the prize. At the time, Georgia pitched Volvo leaders on a site in Bryan County along I-16 west of Savannah. That site remains undeveloped and would likely be attractive given its proximity to the ports of Savannah and Brunswick, its access to rail and Georgia's freeway system.