

# The News & Observer

## NC offered \$1.5 billion. Toyota-Mazda said no thanks.

By Craig Jarvis - January 10, 2018



*Workers assemble engines at Toyota Motor Manufacturing in Huntsville, Alabama. North Carolina has lost out to Alabama on landing the much sought-after Toyota-Mazda joint auto manufacturing plant, which would have brought 4,000 jobs to the state. Courtesy of Toyota.*

North Carolina put \$1.5 billion on the table, but it wasn't enough to bring the state its first auto assembly plant.

On Wednesday, Toyota and Mazda officials said they had chosen Huntsville, Ala., as the site for their jobs-rich auto plant.

The decision stunned and disappointed those who have been trying for five months to bring the plant to Randolph County.

State and local officials, economic developers and business leaders increasingly thought North Carolina had a strong chance to edge out its only remaining competitor, and had planned to

introduce a bill in the legislature on Wednesday to get approval for the incentives package. Then on Tuesday, the administration learned that the plant would go to Alabama.

The disappointment crossed party lines, with Democratic Gov. Roy Cooper's commerce secretary, Tony Copeland, Senate leader Phil Berger and House Speaker Tim Moore, both Republicans, praising one another and proclaiming optimism.

"It is bitterly disappointing to be the runner-up for the new Toyota-Mazda facility, but I want to sincerely thank Gov. Roy Cooper and Sec. Tony Copeland for their tireless efforts to recruit the plant to North Carolina," Berger said in a statement his office released. "They worked closely and transparently with the legislature on this project and did everything that could be done to close the deal."

Berger and Moore also said the Republican agenda for a business-friendly environment helped set the stage to make North Carolina the runner-up, and the bipartisanship bodes well for future endeavors.

With 1,800 acres assembled, a billion and a half dollars on the table, we've shown the world we can do it. Tony Copeland, N.C. secretary of commerce: "Our brightest opportunities lie ahead as we continue to strengthen our state's financial well-being and reform our business climate to poise North Carolina for long-term success as a national leader in economic competitiveness," Moore said.

The mood was celebratory in Alabama, where that state's commerce secretary, Greg Canfield, said: "These are the kinds of projects that would win you a national championship, if there was such a thing in economic development."

Alabama Gov. Kay Ivey made the announcement, and said the average annual salary will be \$50,000.

Alabama will award the carmakers \$380 million in incentives in the form of various job and investment grants over 10 years, according to the Alabama Department of Commerce. Local incentives were not immediately available.

### **Supply chain issues**

North Carolina went to great lengths to try to land "Project New World," as the deal was known. Cooper, Copeland and other state officials traveled more than once to Japan after Toyota and Mazda announced last August they wanted to put a facility in the U.S. Toyota-Mazda representatives also visited this state. North Carolina was soon on a short list of 11 states that was then narrowed to just two.

Copeland said the companies quickly focused on the Randolph County megasite near Greensboro as the best location in North Carolina.

Randolph County has nearly 1,900 acres set aside but it lacks the proximity to the supply chain that the car companies need. Huntsville on the other hand, is central to a multistate corridor of automotive manufacturing and supplying, and home to a Toyota engine factory. Alabama employs some 57,000 people in the automotive industry and is the site of three other auto assembly plants: Mercedes-Benz, Honda and Hyundai.

Toyota-Mazda say they will hire 4,000 workers and invest \$1.6 billion at the plant over several years. They plan to use the new plant to make 300,000 Toyota Corollas and Mazda crossovers a year, using the Corolla frame to build electric cars.

Copeland said North Carolina knew from the beginning the supply chain would be a challenge but thought that because the companies were building electric vehicles it would not be as reliant on its old supply chain. Copeland said the thinking was that new supply chains would develop here to support the new technology Toyota needed. The Triangle's strong tech industry and research universities also were seen as a plus.

Copeland said North Carolina shouldn't be discouraged from continuing to pursue a major auto manufacturer, even though one has eluded it for many years. He said the process with Toyota-Mazda, though disappointing, puts the state in a better position for future competition in the global marketplace.

"When Toyota first approached us last year, one of the issues they had seen in the past was North Carolina had not been the most aggressive at the state level putting these kinds of packages together," Copeland said. "We proved it can be accomplished. With 1,800 acres assembled, a billion and a half dollars on the table, we've shown the world we can do it."

### **Disappointed, not discouraged**

He said the company was also convinced that there was an ample supply of trainable workers here.

The \$1.5 billion incentives package included the value of land, tax breaks, cash incentives and training. It needed legislative approval because that amount of money exceeded the incentives that are available under state programs.

A bill was being drafted up until word broke Tuesday afternoon that the project would not come here. The General Assembly is in special session to consider a variety of other issues.

John Boyd, a site-selection expert who has closely followed the Toyota competition, said the fact that the company had close ties to Alabama officials helped the state win the plant. Toyota has had expanded its Huntsville plant several times, including a recent \$106 million project.

North Carolina, on the other hand, was an unknown quantity.

“I think ultimately Toyota did not want to be pioneers,” Boyd said. “They did not want to be the first auto assembler in North Carolina, despite all the positive things it has going for it.”

He said North Carolina leaders have reason to be hopeful, having reinforced an international image.

“The news isn’t all bad for the Randolph site,” Boyd said. “It is 10 times more famous today than a year ago.”