

EUR400 Million To Be Invested By Toyota In A Northern France Plant

Erica Smith on Jan 24th, 2018



Reports indicate that Japan's giant automaker Toyota will invest approximately 400 million euros in a French plant located in Onnaing. The facility which is situated in northern France produces the Yaris subcompact model. Around 4,000 people are employed at the plant. Part of Toyota's investment will go towards the assembly of a second model.

Toyota's investment in northern France comes a little over a week since the Japanese automaker announced that its \$1.6 billion joint plant with Mazda will be located in the state of Alabama. The facility is expected to provide jobs for 4,000 people while making around 300,000 cars per year. Toyota already runs a big engine plant in Alabama. The Japanese automaker also has an existing automotive supplier network.

Monetary incentives

The plant which will be located in Huntsville will sit on space measuring 2,500 acres and thereby providing ample room for future expansion. Some of the advantages that Alabama had include the fact that it lies in the south which is largely non-unionized. Toyota will also get incentives worth approximately \$370 million from the state while Huntsville city will also offer additional incentives. Alabama also enjoys a reputation as a state that has a skilled workforce with regards to the automotive industry. According to Toyota the city of Huntsville alone possesses around 50,000 jobs in the auto sector.

The new Toyota plant in Alabama will be the auto giant's 11th one in the United States. It will be the first plant by Mazda, Toyota's partner in the facility and a fellow Japanese car maker. The plant will focus on building the Corolla compact cars as well as some crossovers.

Center of gravity

According to projections by IHS Markit once the plant starts production, Alabama will beat the state of Kentucky as the biggest automaker in the South. A year after Alabama will surpass Indian as the second-biggest automaker in the United States. The number one car-making state in the United States is Michigan, the home state of Detroit.

"The center of gravity for the U.S. auto industry is in the Southeast right now. The Toyota-Mazda announcement really puts an exclamation point on this," Princeton, New Jersey-based site selection specialist, John Boyd, said.

Auto assembly plants are coveted by states since they pay good wages. They also spur employment opportunities at service and supplier companies. Other states in which Toyota has plants in the U.S. include Texas, Mississippi, Indiana, Kentucky, and West Virginia.