

## Toyota expands, accelerates electric vehicle commitment

By Richard Craver Winston-Salem Journal - Dec 18, 2017



*Toyota plans to offer more than 10 purely electric vehicle models in its lineup by the early 2020s. Toyota now offers no purely electric vehicles, although it leads in hybrid models.*

Toyota Motor Corp.'s pledge Monday to accelerate its electric vehicle initiative — creating at least 10 models by the mid-2020s — is another sign that it will begin U.S. production of those vehicles sooner than later.

The company's goal is starting the push in China, where the government has embraced electric vehicles as an environmental necessity, by the early 2020s, followed by Japan, India, United States and Europe.

The company said that by 2025, every Toyota and Lexus model worldwide would have either a dedicated electrified model or electrified option. It is committing \$13 billion toward the 2030 goal, with about half to be spent on making batteries.

The Greensboro-Randolph County megasite is considered by analysts and multiple media outlets as a finalist, along with a site in Alabama, for a \$1.6 billion plant that could manufacture electronic vehicles — Corollas for Toyota and crossover vehicles for Mazda.

The plant is expected to have more than 4,000 employees and start production in 2021. The Japanese manufacturers may request up to \$1 billion in local and state tax incentives, as well as be given the megasite.

The state budgets for 2017-18 and 2018-19 committed up to \$50 million in economic incentives toward a "transformative" project that would require a \$4 billion capital investment and 5,000-employee commitment.

Some Republican legislative leaders have told the Winston-Salem Journal and Greensboro News & Record that they are prepared to provide a record incentive package.

Jim Lentz, chief executive of Toyota North America, told Reuters on Dec. 4 that the site will be announced sometime in the first quarter of 2018.

Toyota has trailed many of its peers in producing purely electric vehicles, though it has several popular hybrid models.

The initiative that Toyota fleshed out covers the 2020-30 period and also its higher-end Lexus brand. It would involve hybrid electric vehicles, plug-in hybrid electric vehicles, battery electric vehicles and fuel cell electric vehicles.

By 2030, Toyota wants to have sales of more than 5.5 million electrified vehicles, including more than 1 million zero-emission vehicles — those in the battery electric and fuel cell electric vehicle lines.

"Electrified vehicles, which are effective for economical consumption of fuel and promoting usage of alternative fuels, are indispensable in helping to solve current environmental issues," Toyota said in a statement.

In October 2015, Toyota said it would reduce global average new-vehicle CO2 emissions by 90 percent from 2010 levels by 2050. "Today's announcement is the main pillar of a mid- to long-term initiative to achieve this challenge," the company said.

Fred Lambert, editor in chief with Electrek, said he has a mixed reaction to the Toyota announcement.

“I am seeing another needed adjustment to their strategy: They are planning for all-electric vehicles to represent only one-fifth of their electric vehicle sales by 2030,” Lambert said. “I think that will prove to be (another) bad call.

“Everything points to the industry going all-electric and hybrid powertrains are starting to look like bad compromises. Automakers need to commit to fully electric vehicles. Our review of the Prius Prime is a prime example of hybrid thinking messing up battery electronic vehicle technology.”

Lambert said that “there’s no doubt that this change from Toyota is driven by changes in regulations. It’s why their battery electronic vehicles are being launched in China first where the zero-emission mandate is the strongest.”

### **Auto-makers want clout in N.C.**

Analysts, economists and corporate site selection officials say North Carolina’s bid and the Triad site stand out in part because of the absence of another automaker in the state.

“The plant will be a new-generation plant housing state-of-the-art, emerging technologies in artificial intelligence and auto connectivity,” said John H. Boyd, a principal in The Boyd Co. Inc., a New Jersey site-location consulting company.

Commerce Secretary Tony Copeland has said state officials are “having discussions with all the interested parties that would be involved with this project.”

Michael Walden, an economics professor at N.C. State University, considers an auto plant as an economic “crown jewel” because of the direct and indirect job creation potential.

“The excitement and positive publicity over it would, I think, generate support for a generous incentives package,” Walden said.

“Putting a plant in North Carolina would likely mean the state’s Congressional delegation would look favorably on federal issues, mainly regulatory, involving auto assembly plants.”

Boyd said auto manufacturing companies “are increasingly thinking about their clout” in Washington, particularly with a business and regulatory friendly Republican president and Republican-controlled Congress

“They are motivated to expand in states where they currently do not have a physical presence — and encourage their suppliers to do likewise — all in order to gain the ears of two additional U.S.

senators and House members in order to help influence tax, trade and regulatory policies, as well as to gain an edge in winning federal contracts,” Boyd said.

Boyd said foreign auto manufacturers typically like to operate in right-to-work states.