



NC has California policy to thank for Toyota plant expansion plans

Richard Craver – August 31, 2022

California Bans Gas Cars Sales, Here's How This Can Affect You

The California Air Resources Board voted to only allow the sale of new passenger cars, trucks, and SUVs in California if they have zero tailpipe emissions, starting in 2035. Veuer's Maria Mercedes Galuppo has the story.

North Carolina and future Triad employees of Toyota Battery Manufacturing N.C. can thank a West Coast clean-energy initiative for helping spur a major plant expansion development three years before production begins in 2025.

Toyota Motor Corp. announced plans Wednesday for an additional 350 jobs and \$2.5 billion investment at the Liberty electric vehicle battery plant as construction commences at the megasite.

The Toyota subsidiary plans to build lithium-ion batteries at the plant for about 200,000 hybrid and electric vehicles annually.

The California Air Resources Board set on Aug. 25 what The Associated Press has reported as the world's most stringent set of rules for transitioning to electric vehicles.

The board's policy would require by 2035 that 100% of new sales of passenger cars, trucks and SUVs be powered by electricity or hydrogen; 20% would be allowed to be plug-in hybrids.

In 2020, Washington state lawmakers passed a law directing the state Department of Ecology to adopt California's emissions standards as they're rolled out.

"A key trigger for the pace of development is the recent decision by the California Air Resources Board to mandate that two-thirds of all new passenger vehicles produce no carbon emissions by 2030," said Keith Debbage, a joint professor of Geography & Sustainable Tourism and Hospitality at UNC Greensboro.

“California tends to be a bellwether for other states regarding such legislation.

“Along with President Biden’s climate and energy package signed into law this month that expanded tax credits available to electric vehicle buyers, and the rapidly growing consumer demand for such vehicles, I can fully understand why Toyota is pushing so hard to rapidly develop and expand their Triad megasite project,” Debbage said.

Toyota’s planned expansion “is an indication that the transformation of the U.S. auto industry is moving along at a pace where projections that 30% of all car sales will be electric by 2030 will be met and even exceeded,” said John H. Boyd, founder and principal with global site-selection firm The Boyd Co. of Boca Raton, Fla.

“Federal green incentives and numerous other EV projects of Ford, GM, Stellantis, LG & Honda, Tesla around the country also point to an undeniable electric future for the U.S. auto industry.”

Suppliers, come on down

The Toyota expansion commitment will likely draw strong interest from potential suppliers, according to economists.



Gov. Roy Cooper announced Dec. 6 that Toyota Motor North America Inc. had selected the Greensboro-Randolph Megasite for its electric vehicle battery plant.

The key, they say, is where those suppliers decide to be located.

It's a pivotal question, considering there proved to be minimal supplier locations into the Triad related to the Dell Inc. desktop-assembly plant that debuted in October 2005.

Nearly 12 years after Dell ceased production for good in November 2010, it remains a sobering cautionary tale for tempering expectations on major Triad economic-development projects.

The \$115 million Dell plant was projected to create between 1,500 and 1,700 jobs within five years of commencing production.

There also were at least two economic studies that forecast up to 6,500 indirect jobs created to serve the plant and its employees. Ultimately, there were fewer than 300 indirect jobs related to Dell.

"Chasing down related suppliers and subcontractors will be the next big step, and announcements should begin to unfold over the next few months and years," Debbage said.

Michael Walden, an economics professor at N.C. State University, projects major supplier announcements within a year.

"Since the Triad has now become North Carolina's transportation manufacturing hub, I would expect the broader region to receive serious attention by suppliers who expand," Walden said.

Where these related suppliers may locate is anyone's guess, Debbage said.

"But, the recent announcement of a federal grant designed to help Greensboro study the economic development opportunities connected to the Toyota plant provides some clues," Debbage said.

The study will focus on the U.S. 421 corridor adjacent to the site regarding the availability of infrastructure, sewer capacity and potential sites for additional suppliers and contractors.

Boyd said it's likely suppliers already are conducting due diligence on brick-and-mortar investments in the Triad.

"Toyota, of all the major automakers, likes to have suppliers close to their manufacturing operations — even sharing the same industrial site," Boyd said. "We see this at their operations in San Antonio, Cambridge, Ontario, and in Guanajuato, Mexico.

"Given the magnitude of the Randolph site, look for some suppliers to be next-door neighbors of Toyota."

Boyd said his confidence in such a supplier scenario playing out is that “the decline of just-in-time delivery (that Dell suppliers relied upon) due to global supply-chain bottlenecks, and the move toward a just-in-case approach that shrinks the supply chain and reduces risk.”

Boyd expects the supplier presence at and around the Toyota plant will spur ancillary retail, hotel and mixed-use housing development at levels projected — but unfulfilled — with the Dell plant.

More ripple effects

Mike Fox, president and chief executive of Piedmont Triad Partnership, said having a electric vehicle production and supplier cluster within a short distance of Toyota likely would be a major plus for the megasite.

The greater Carolina Core economic region should benefit, Fox said, from suppliers wanting to be within a 30- to 40-minute range of the plant, but not next door so to avoid competing for potential workers.

Fox noted that some suppliers to the BMW manufacturing plant in the Greenville-Spartanburg, S.C. metro area chose to be near the plant, but not necessarily next-door.

Fox said the supply chain for electric vehicles will have limited equipment overlap with traditional motor vehicle production, which means proximity to these plants will be pivotal.

Fox said some workers from Forsyth County or the western Triad may be willing to commute 45 minutes to an hour to Toyota’s plant.

Also, though, he’s convinced there will be a ripple effect in the Triad job market, particularly in manufacturing.

Citing Randolph as an example, he said there are residents who commute to work in Forsyth, Guilford, Davidson and other neighboring counties.

“Some of those people will decide they want to work for Toyota and be closer to home,” Fox said. “In those instances, that will free up more jobs for folks in those counties.

“That could be as big a benefit as any suppliers who locate in those counties.”