

## **Toyota ups investment in North Carolina to \$5.9 billion, the biggest such deal ever in the state.**

Richard Craver - May 31, 2023

Toyota North America has upped its investment — this time by \$2.1 billion Wednesday to \$5.9 billion — in its North Carolina electric-vehicle battery plant.

The planned manufacturing plant in Liberty has become the largest single economic-development project commitment in North Carolina history even though the first battery won't be available until 2025.



The Toyota battery manufacturing site in Liberty, as seen on May 15. Production is expected to begin in 2025 at what will be 2 million square feet of space spread over three buildings.

Woody Marshall, News & Record

The Toyota pledge exceeds the planned \$5 billion Wolfspeed semiconductor manufacturing plant in Siler City.

“Toyota’s significant investment in our state, now nearly \$6 billion, is terrific news and more evidence that North Carolina is a leader in the clean energy economy,” Gov. Roy Cooper said in a statement.

“Toyota believes in our world-class workforce to power its future success, and I appreciate this enormous commitment here.”

Wednesday’s commitment more than quadruples Toyota’s initial investment of \$1.29 billion, 1,750-job, which was announced in December 2021 for the Greensboro-Randolph County megasite. The investment was boosted in August to \$3.8 billion and 2,100 jobs.

Toyota has been made eligible for up to \$271.4 million in state incentives, while the Randolph County government is providing \$167.3 million in local incentives.

Production is expected to begin in 2025 at what will be 2 million square feet of space spread over three buildings. Two 500,000-square-foot buildings are dedicated to hybrid electric vehicle battery production, while a 1-million-square-foot building will be focused on electric vehicle battery production.

There will be initially six battery production lines — four for hybrid electric vehicles and two for battery electric vehicles.

The \$2.1 billion expansion will feature two additional production buildings of an undetermined square footage size.

Toyota spokeswoman Emily Wilemon-Holland said there isn’t a direct employment component with the latest infrastructure expansion, but additional hiring is expected.

Toyota also announced plans to make a new electric SUV at its Kentucky plant, also starting in 2025.

The manufacturer said the SUVs, the first produced in the U.S., will be powered by batteries from the Liberty plant.

Holland said that while the two production decisions were made “independent of each other, we always expected that we would plan ahead for additional battery production as North Carolina becomes the production hub for North America.”

“We want to always provide a portfolio of options for customers. Some drivers aren’t ready for an EV, but we are seeing the trend moving in that direction and we’re acting as a result.”

State Senate leader Phil Berger, R-Rockingham, said the second Toyota expansion “confirms our status as a manufacturing powerhouse.”

“This expansion further cements our thriving partnership, and it wouldn’t be possible without the reforms the General Assembly implemented to transform North Carolina into a jobs-friendly state.”

Ted Ogawa, president and chief executive of Toyota Motor North America, said the Kentucky plant and North Carolina expansion shows the manufacturer's commitment "to reducing carbon emissions as much as possible and as soon as possible."

"To achieve this goal, customers must have access to a portfolio of options that meet their needs now and in the future.

"It is exciting to see our largest U.S. plant, Toyota Kentucky, and our newest plant, Toyota North Carolina, drive us into the future together with BEV and battery production for our expanding electrified lineup."

The Liberty facility will be Toyota's hub for developing and producing lithium-ion batteries needed for its expanding portfolio of electrified vehicles.

"With this proactive infrastructure investment, we will be able to quickly support future expansion opportunities to meet growing customer need," said Sean Suggs, president of Toyota Battery Manufacturing for N.C.

## **Responses**

"There are still some developers skeptical of the viability of EV industry and debating whether or not to devote resources to EV industry attraction and EV talent, infrastructure and real estate ecosystems," said John H. Boyd, founder and principal with global site-selection firm The Boyd Co. of Boca Raton, Fla.

"This is yet another billion dollar project signaling this industry is very real, and very much the 'industry du jour' in the competitive field of business attraction."

Boyd said that "whatever your feelings about the environmental benefits of EV, your stakeholders and citizens demand you compete for these projects."

"More hydrogen and EV and related battery and CPO projects will also be coming down the pike and will be competed for, as well."

Toyota's EV battery expansion decision is related to new U.S. Environmental Protection Agency rules designed to turbocharge the sales of electric vehicles, said Keith Debbage, a joint professor of Geography & Sustainable Tourism and Hospitality at UNC Greensboro.

"For sure, a great deal more work still remains before we see a successful end product," Debbage said.

Debbage said the Biden administration is proposing new rules to ensure that two-thirds of new cars sold in the United States by 2032 are all electric.

"Last year, just 6% of all new cars sold were EVs," Debbage said.

"It is also because of the long-term community investment by local leadership that helped nurture a handful of shovel-ready mega-sites across our region.

"It was a patient approach with a long gestation period, but it is really paying off now."

## **Background**

Toyota offers 22 electrified vehicle options in the U.S. across the Toyota and Lexus brands, the most among any automaker.

By 2025, the company plans to have an electrified option available for every Toyota and Lexus model globally.

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

Toyota plans to roll out 30 battery electric vehicle models by 2030.

The Liberty plant is an example of Toyota "building things locally where they are sold," said Norm Bafunno, senior vice president of Unit Manufacturing and Engineering at Toyota Motor North America.

"It's not a 100% alignment, but we try to get as close as we can in our (production) footprint in the United States. We're going to have to keep up with the North American consumer, and that begins in North Carolina."

Toyota said it plans to start hiring production and maintenance positions in mid-2023. To apply for open positions, go to [www.toyota.com/careers](http://www.toyota.com/careers).

There are plans for in-person applicant assessment and interview locations in Asheboro and Greensboro through NCWorks locations.

As with the Dell Inc., Caterpillar Inc. and Herbalife Nutrition Ltd. manufacturing plants, Toyota is finding significant internal interest from employees willing to transfer to work at the Liberty plant.



This water tower will serve the Toyota battery manufacturing plant at the Greensboro-Randolph megasite in Liberty.

WOODY MARSHALL, NEWS & RECORD

Lawmakers tend to employ that legislation-amending tactic in a separate bill to keep intact the original language so as to avoid potential 'no' votes on the primary bill.

HB103 states what the legislature is willing to offer in the Toyota production second phase: \$225 million in incentives in exchange for a capital-investment commitment of \$4.7 billion and a job-creation pledge of at least 5,000 jobs.

The lowering of the job-creation pledge to 4,500 is included in HB911, and was contingent on HB103 becoming law.

## Legislative changes

In July 2022, state legislators eased the workforce requirement — from 5,000 employees to 4,500 — that Toyota Motor North America Inc. must meet to qualify for the full amount of state economic incentives for its Triad electric-vehicle battery plant.

House Bill 911 primarily included regulatory relief legislation and received significant bipartisan support.

Although Cooper objected to other sections of the bill, he ultimately allowed it to become law on July 11 without his signature.

HB911 served to amend the Toyota-focused section in House Bill 103, the Republican-sponsored 2022-23 state budget bill. Toyota is not listed by name in either bill.

The main change was the 500 reduction in the long-term job commitment, which was contingent on HB103 becoming law.

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