

Toyota to Build \$1.3 Billion Plant in the Land of Elvis



Seichi Sudo, president of Toyota Motor Manufacturing North America, wears Elvis Presley glasses and sideburns on Tuesday in Tupelo, Miss.

Thomas Wells/Northeast Mississippi Daily Journal, via Associated Press

By **Micheline Maynard**

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Toyota, the Japanese automaker, said yesterday that it would invest \$1.3 billion to build its eighth North American assembly plant in Blue Springs, Miss., just outside Tupelo in northeastern Mississippi.

The plant will build the Toyota Highlander, a crossover vehicle, and will employ 2,000 workers, the company said. Production is expected to begin in 2010, and reach 150,000 vehicles each year.

The 1,700-acre site was promoted vigorously by the state, which wound up in a competition with Arkansas and Tennessee for the factory.

The decision brings Toyota to an area best known for being the birthplace of Elvis Presley.

The site is logical for Toyota, which has an engine factory in Huntsville, Ala., about 125 miles away. It continues the company's strategy of building plants in Southern states, where automotive factories are largely nonunion.

The selection of Mississippi also continues Toyota's share-the-wealth strategy. Mississippi is the seventh state where Toyota operates a factory that makes either vehicles or engines.

It also produces vehicles in Ontario, where a new factory in Woodstock also is under construction. This year, it will begin building Camry sedans at an Indiana plant owned by Subaru.

These plants generate hundreds of millions of dollars in investments and create hundreds of jobs at suppliers and support businesses.

"Toyota is the world's premier auto manufacturer, and our state will be the best partner the company has," said Mississippi's governor, Haley Barbour, who announced the plant during an event at Tupelo High School.

The state pledged \$296 million in incentives to land the Toyota factory. That is less than the \$336 million in incentives that Mississippi provided to the Japanese automaker Nissan, which opened a factory in Canton, outside Jackson, in 2003.

But it is more than the \$133 million that Texas initially pledged to land a Toyota truck plant in San Antonio, which opened last year.

Governor Barbour said the company told state officials it did not want to get into a bidding war for the factory among competing states. He said employment at the plant eventually could double to 4,000 workers, although Toyota has not promised that the number of jobs there will increase. The incentive package requires approval by Mississippi's legislature.

The selection of Mississippi gives Toyota two powerful Republican party allies: Governor Barbour, who once ran the national party, and Senator Trent Lott, who serves as minority whip.

"We are warriors on your behalf," Mr. Lott told Toyota officials yesterday, adding, "I can assure you we will look after your interests."

The announcement comes as Toyota is on the verge of becoming the world's biggest auto company, displacing General Motors, an event that could happen as soon as this year.

In 2006, Toyota unseated DaimlerChrysler to become the third-biggest automaker in the United States. This year, it could move up to second place in American sales, displacing Ford Motor.

Over the last 18 months, G.M., Ford and the Chrysler Group have each announced plans to close factories and eliminate jobs. Collectively, more than 86,000 blue- and white-collar jobs at the Detroit companies are expected to disappear as the three companies restructure.

In 2006, Toyota built more than 1.55 million vehicles and 1.4 million engines at its 14 plants in North America.

In January, G.M.'s vice chairman, Robert A. Lutz, said that Toyota had more influence in Washington than G.M. because of the number of states where it has plants.

Mississippi was not on the original list of states considered by Toyota, which had said the factory would probably be in the South. Initially, the company considered sites in Virginia, Tennessee, Arkansas and North Carolina.

But when it became known that Toyota was considering another factory, more states entered the running, including Mississippi, where three counties banded together to promote the Blue Springs site.

The Toyota plant would be the second big auto factory in Mississippi and would be an economic boost after the devastation caused by Hurricane Katrina in 2005. Nissan Motor opened an assembly plant in Canton, outside Jackson, in 2003.

Toyota also had considered expanding its plant in San Antonio, which builds a new version of its Tundra pickup. The 2,000-acre site there is believed to be among the biggest auto operations in the world, and it is common for Toyota to expand factories after it begins production.

Toyota executives see the newest Tundra, which competes with Detroit's big pickups, as the most important vehicle the company has ever introduced in the United States.