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Toyota, Mazda Choose Alabama for New \$1.6 Billion Car Plant

Auto makers plan to formally announce location on Wednesday

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[Toyota Motor](#) Corp. and [Mazda Motor](#) Corp. will build a new \$1.6 billion assembly plant in Huntsville, Alabama, according to people familiar with the companies' decision, a move that boosts their production capacity in the U.S. and adds to large and growing foreign auto maker presence in the southern state.

Toyota and Mazda [first announced plans](#) in August for the new plant, which will create 4,000 jobs and make up to 300,000 vehicles a year by 2021. Toyota has said it would build 150,000 Corolla models and Mazda will use the rest of the capacity for an unspecified model.

Alabama is home to three other vehicle assembly plants operated by foreign auto makers: Daimler AG's Mercedes-Benz unit, [Honda Motor](#)Co. and [Hyundai Motor](#) Co. In September, Daimler [said it would invest](#) \$1 billion at its Alabama facilities on top of the \$5.8 billion it has spent in the state since it began vehicle production there in 1997. The selection of Huntsville comes a year after Toyota was criticized by U.S. President Donald Trump for plans to build a new plant in Mexico. The Japanese company [announced plans within days](#) of that to spend \$10 billion in the U.S. over the next five years.

The two companies plan to formally announce the location, which had not previously been disclosed, at a press conference Wednesday in Montgomery, the state capital, the people familiar with their decision said.

Reuters earlier reported news of the location of the factory.

Toyota, the world's largest auto maker, already has a major manufacturing presence in the Midwest and South with factories in Indiana, Kentucky, Mississippi and Texas. The Alabama plant would be its fifth assembly plant in the U.S. For Mazda, the plant's opening would mark the first time it is building cars in the U.S. since it stopped manufacturing vehicles with [Ford Motor](#) Co. in 2012 in Michigan.

The Japanese auto maker has [invested heavily in manufacturing operations on both sides of the U.S.-Mexico border](#) as part of a multidecade effort to produce more cars closer to where it sells them.

The site of the new plant is close to an existing Toyota engine plant in Huntsville, which currently produces four-cylinder, V-6 and V-8 engines. That factory, Toyota's largest engine plant in the world, produced more than 702,000 engines in 2016, according to the state of Alabama's commerce department.

Toyota and Mazda's plan to build the new plant set off a race among at least 11 states to woo the companies. The shortlist included Alabama and several other states with existing Toyota facilities such as Indiana, Kentucky and Mississippi.

The new plant is being planned as U.S. auto sales plateau and demand for sedans, such as the Corolla, are slipping amid low gasoline prices. Auto makers have been trying to balance production capacity through a combination of production slowdowns and higher incentives.

The Corolla production in Alabama was originally earmarked for a new plant in Mexico, which drew President Trump's [ire early last year](#) in the form of a tweet saying "No way!" Toyota now says that factory to be built in the central Mexican state of Guanajuato will make Tacoma pickups instead, adding to output of that mid-sized truck from existing plants in Tijuana and San Antonio. It also has scaled back the scope of the new plant in Mexico, halving an annual production target to 100,000 vehicles and cutting planned spending by 30% to \$700 million.

Mazda has been producing hatchbacks and sedans at its own factory in Guanajuato since early 2014, about half of which are exported to the U.S. and Canada.

—*Adrienne Roberts and Dudley Althaus contributed to this article*

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