

Toyota Plants Itself in Tijuana

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San Diego County parts suppliers and other local companies may benefit from the manufacturing plant Japanese automaker Toyota plans to build in Tijuana.

Toyota officials announced earlier this month they will build a plant on a 700-acre site in eastern Tijuana to build truck beds for its Tacoma pickups. The truck beds will be shipped to Fremont, where the trucks are assembled.

Construction on the manufacturing plant will begin this spring. Truck bed production, currently taking place in part of a Long Beach facility, is expected to begin in Tijuana sometime in 2004.

"This is the first manufacturing plant of the automotive industry for this region," said Alejandra Mier y Teran, executive director of the Otay Mesa Chamber of Commerce. The closest automotive plant is in Ciudad Juarez, south of El Paso, Texas.

"This could bring automotive suppliers to the region," Mier y Teran said, including Otay Mesa.

Toyota attempted a manufacturing plant in southern Mexico in the 1960s, but it was short-lived, according to Barbara McDaniel, a spokeswoman for Toyota Motor Manufacturing North America.

Toyota anticipates production of 160,000 truck beds per year at the facility.

Mauricio Monroy, managing director in Tijuana of international professional services firm Deloitte & Touche, said he has heard Toyota will require anywhere from 15 to 80, or even up to 200 suppliers. The suppliers usually want to set up their businesses before the plant opens, so they are ready to fill orders for parts.

San Diego-based Crossborder Business Associates, which does market research and consulting for the maquiladora industry, began looking at the impact of Toyota's Tijuana plant about six weeks ago, according to Kenn Morris, the company's director.

"Immediately we're looking at the possibility for San Diego suppliers to sell into that niche market," Morris said. Metalworking and parts companies in San Diego may benefit from Toyota's Tijuana location.

San Diego has been focused on consumer electronics manufacturing in Baja, but Morris said the Toyota plant is a good opportunity for other industries locally to expand.

Toyota took a lot of time and did a lot of research in its site search in Mexico. Morris said that signifies a strategic choice made in Baja's favor, which represents the ability for industries to grow in the region.

"It should point out to a lot of businesses in San Diego what they can achieve on a global basis (by doing business) in Baja California," he added.

Monroy said Toyota's decision "sends an excellent message to the international community."

Even with the recession in the United States and economic instability in other parts of the world, a big-name company is making a significant investment in Tijuana. That fact will attract more companies that are curious about Baja California, Monroy said.

Marcela Carrera, a real estate broker for El Florido Business Park, about 9 miles from the Toyota site, said Toyota didn't have many options.

Carrera said there is a lot of industrial land available in Tijuana, but very few sites are big enough for a manufacturing operation like Toyota's. She said the company was also looking at about 492 acres in El Florido.

Carrera said some suppliers have already visited the region.

However, where parts will come from has not yet been determined, according to McDaniel. They are most likely to come from Southern California and places that already make the parts, she said.

The Toyota site is nearly 700 acres, which lies in eastern Tijuana near Tecate. Baja California is growing toward its less developed areas.

“Some people are looking to Mexicali and Rosarito because land is running out in Tijuana,” Morris said.

The land Toyota purchased is not in a business park; rather it is land owned in an undeveloped area by several members of a local family, according to McDaniel.

She said Toyota got a good feeling from the government in Baja California.

“We trust that this in fact will be a successful site for us,” she said.

Also, being close to the border, Tijuana was a convenient location for shipping the truck beds north. Initially, the truck beds will be delivered to Fremont, on the east side of San Francisco Bay, via truck, according to McDaniel. A nearby rail line may be used in the future.

Toyota products trucked out of Tijuana will have to go through Otay Mesa because the Tecate border crossing is too small, Mier y Teran said. Drivers may likely utilize services and shops in Otay Mesa on their way north.

As for expansion of production capabilities at the plant beyond the truck beds, McDaniel said, “This is the commitment we’re making now.

“We usually start out small and if business conditions are right, we expand.”

McDaniel said a business plan for the Tijuana facility has not been completed, so the number of people the company expects to employ may not be available until spring.

Toyota does not necessarily anticipate employing people from the U.S. side of the border to work in the plant.

“Our philosophy is generally to hire locally. In terms of start-up management, that hasn’t been determined yet. The majority of production team members will be hired locally,” McDaniel said.

Monroy said the top employees at the plant may be U.S. residents living in San Diego and commuting to Tijuana.

“The Japanese technicians will probably want to live in Coronado, or somewhere, not in Tijuana,” he said.