

Toyota discussing stronger alliance with Mazda

TOKYO, Japan: Toyota has announced that it would discuss strengthening its partnership with Mazda as reports said they were close to a deal on a capital tie-up and building a \$1.6bn factory in the United States.



Alex Hblyoake

The move comes as the Japanese auto industry is facing uncertainty over President Donald Trump's drive to support US firms over foreign imports.

He had earlier strongly criticised [Toyota](#) over its ongoing project to build a new factory in Mexico, threatening it with painful tariffs.

Shares in [Mazda](#), which has no US plant, soared more than five percent in Tokyo trade early Friday while Toyota was marginally lower.

Toyota said it would discuss its partnership with the Hiroshima-based company at a board meeting later in the day.



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"In May 2015, Toyota and Mazda signed a memorandum of understanding to explore various areas of collaboration," Toyota said in a statement.

"We intend to submit a proposal to our board of directors today regarding the partnership with Mazda," it said while withholding further details.

Mazda issued a similar statement.

The *Nikkei* daily reported the two firms were closing in on a capital partnership to pave the way for the possible establishment of a joint-venture US auto plant and joint development of key electric vehicle technologies.

They were negotiating a deal in which Toyota would take a roughly five percent stake in Mazda, which in turn would invest in the other party as well, the leading business daily said.



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Bloomberg News reported the two were considering a deal to have cross-shareholdings and build a \$1.6-billion assembly plant in the United States.

The US plant would have the capacity to produce 300,000 vehicles a year and create 4,000 jobs, *Bloomberg* quoted people familiar with the matter as saying.

It would be operational by 2021, it said.

Source: AFP

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