

# Toyota announces closure of manufacturing plant in California

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Toyota announced last week that it will close its New United Motor Manufacturing Incorporated (NUMMI) plant in Fremont, California. NUMMI, opened in 1984 as a joint venture by Toyota and General Motors, currently employs about 5,400 workers.

The San Francisco Bay area plant is the only large auto assembly plant on the West Coast. NUMMI produces about 400,000 vehicles a year, most of them Corolla compact cars and Tacoma pickups. Production of these vehicles will be shifted to other plants when NUMMI is shut down in March 2010.

The NUMMI plant is the largest single employer in Fremont and has become a critical lifeline for tens of thousands of California workers in the East Bay area and Central Valley.

'The Friends of NUMMI'—a group of families, workers, suppliers and local businesses that will be affected by the closure—estimates a total impact of up to 50,000 jobs lost, after various secondary effects are taken into account. In a statement, the group noted, 'The closure will lead to substantial losses in local and state revenues and employment taxes; it will increase property foreclosures which will lead to a drop in attendance in local schools due to affected families requiring relocation, and significantly increase the unemployment claims.' NUMMI currently pays the city of Fremont \$1.9 million in property taxes alone.

The closure of NUMMI represents an acceleration of a long-running trend of disappearing manufacturing jobs in what has been dubbed 'the Silicon Valley' over the last decade. At the height of the 'dot.com bubble' in 2000, the San Jose metropolitan area, which includes Fremont, had about 264,000 manufacturing jobs—largely producing computers, hardware and printers.

By 2008, the number of manufacturing jobs was

reduced to about 165,000. This drop was largely attributable to the bursting of the dot.com investment bubble, but it is now being compounded by the global economic crisis.

As part of its bankruptcy proceedings in July, General Motors announced that it would abandon the joint venture with Toyota at NUMMI by dumping it into the 'old GM'—a collection of assets and obligations separated from the 'new GM' in order to more efficiently mitigate losses for GM's wealthy investors.

Since then, Toyota's ultimate decision on the plant's survival has been anxiously awaited. However, concern about NUMMI's future has been constant since last year when the Obama administration made clear it would not support a bailout program for the auto industry, opting instead to use the financial crisis to extract devastating concessions from auto workers and dismantle large sections of the industry.

Toyota officials said Thursday that continuing production at the plant was not economically viable 'over the mid- to long-term' without GM. Production will be shifted to lower-wage facilities. While Toyota indicated that some NUMMI workers might be rehired, the company's executive vice president, Atushi Nimi, said that Toyota 'will not be able to give priority to NUMMI workers.' To date, there has been no mention of severance packages for workers and their families.

Workers at NUMMI are supposedly represented by the United Auto Workers (UAW), which responded to the announcement with a mixture of empty posturing and economic nationalism.

UAW President Ron Gettelfinger said that the closure was 'devastating news for thousands of workers in California.... They deserve better than to be abandoned by this company.'

In fact, Gettelfinger and the UAW played a critical

role in carrying out the plans of Wall Street and the Obama administration at GM, presiding over the mass destruction of jobs, wages and benefits. Gettelfinger happily traded away the wages, pensions, health benefits and jobs of UAW members—including those at NUMMI—for the right to control the multibillion-dollar retiree healthcare fund, along with ownership of a substantial portion of GM stock. The UAW made no attempt to prevent NUMMI and the community supporting it from being thrown into the junk heap of the 'old GM.'

Although rumors of the NUMMI closure have been in the air for at least a year now and the joint venture's contract with the UAW was due to expire this month, the UAW has done nothing to defend the workers. Oddly, the UAW had previously scheduled a rally in San Francisco exactly one day after the plant closure was announced and after the UAW contract with NUMMI was set to expire.

While completely endorsing GM's 'restructuring,' the UAW seized on the NUMMI closure to promote national chauvinism. 'It's unfortunate the company chose to close a US facility after benefiting so greatly from the federal cash-for-clunkers program, which is funded by US taxpayers.'

Although Toyota has pointed to GM to explain its decision to close the plant, Toyota itself has been deeply affected by the economic crisis, which continues to produce record levels of unemployment and home foreclosures. Until now, Toyota has never closed a major plant.

While overtaking GM to become the world's biggest automaker, Toyota posted its first annual loss in 60 years—437 billion yen or \$4.4 billion—for the fiscal year ending March 2009, and Toyota managers have projected the net loss to worsen to 550 billion yen or \$5.5 billion for the coming fiscal year. This is due to the fact that auto sales in the US have fallen to the lowest levels since 1976, which has left Toyota scrambling to reassure its investors that it will use the economic crisis to cut costs by making deep attacks on the jobs and living conditions of its labor force.

Despite a relative rise in stock market prices and rosy proclamations of a budding economic recovery, Nikkei reported that Toyota will slash its global productive capacity by 10 percent, or 1 million vehicles, as early as this fiscal year. Toyota has about 2 million units of

capacity in the US and about 10 million units globally. The NUMMI closure will only reduce capacity by about 400,000 units, representing just a piece of the corporation's larger global plan. However, this may only be the beginning with Toyota's excess productive capacity estimated as high as 30 percent.

Yet, as auto sales have collapsed, Toyota shares have risen 39 percent this year. Its share price has actually outpaced an overall gain of 19 percent in the Nikkei 225 Stock Average.

Toyota has 12 manufacturing facilities in the U.S: six of them are operating under capacity, and one plant in Mississippi has been idled. NUMMI was a logical first choice for closure because wages there are among the highest compared to other Toyota plants in Canada and Mexico.

The NUMMI closure represents yet another major blow to workers in California in what is an unprecedented assault on the living standards of the working class around the world.

There are already signs that the NUMMI closure will be used to terrorize workers into accepting deeper wage and benefit cuts and a greater transfer of public monies in an effort to make California more 'business friendly.' Republican Governor Arnold Schwarzenegger had reportedly made last-minute offers of subsidies and tax breaks to Toyota, while Democratic Senator Dianne Feinstein told the *San Francisco Chronicle* that efforts to persuade Toyota to remain are difficult because 'competition here is with Kentucky and Mississippi, and you have this cost-of-doing-business problem.'



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