

Chinese-backed electric carmaker picks Nevada for \$1B plant

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A sign advertises Mountain View Industrial Park near Apex Industrial Park on Wednesday, Dec. 9, 2015, in North Las Vegas, Nev. Chinese-backed electric carmaker Faraday Future plans to build a manufacturing plant near the site, according to a letter the company sent Nevada officials Wednesday. (AP Photo/John Locher)

A Chinese-backed electric car company with visions of revolutionizing transportation—but no product to show yet—announced plans

Wednesday to build a \$1 billion plant near Las Vegas, marking the second time in just over a year that Nevada has landed a coveted project from the budding industry.

California-based automaker Faraday Future's choice of Nevada over three other states is contingent on state lawmakers' approval of tax incentives that haven't been publicly described. The company's announcement, in a letter to Nevada legislators that was obtained by The Associated Press, also came with the revelation that it's backed by a Chinese billionaire investor who styles himself after Apple's late Steve Jobs.

"We plan to revolutionize the automobile industry by creating an integrated, intelligent mobility system that protects the earth and improves the living environment of mankind," wrote Jia Yueting (ZHAW' YOO'-weh-ting), who's the founder and CEO of the holding company LeTV.

Faraday has offered few details on its product so far, but has said it hopes to bring a vehicle to market as early as 2017 and plans to unveil a concept car in January ahead of the Consumer Electronics Show in Las Vegas.

Company spokeswoman Stacy Morris added that Faraday will share its manufacturing plans very soon.

Republican Gov. Brian Sandoval and his top economic development officer are scheduled to attend a news conference in Las Vegas on Thursday that's expected to include a formal announcement of a tentative agreement to bring the plant to North Las Vegas. Tax breaks to seal the deal would need authorization from Nevada lawmakers, who approved a \$1.3 billion incentive package in a special session last year to secure electric carmaker Tesla Motors' massive battery factory outside

of Reno.

One automotive industry analyst noted Wednesday that Faraday was starting behind Tesla and traditional auto makers that are already developing technology to provide vehicle Internet access and over-the-air updates to electronic controls.

"I'm not saying they can't succeed, but they're not going to be first," said Stephanie Brinley, senior analyst with IHS Automotive in Southfield, Michigan.



This Nov. 6, 2015, file photo shows the Faraday Future building in Gardena, Calif. Chinese-backed electric carmaker Faraday Future plans to build a \$1 billion manufacturing plant in North Las Vegas, according to a letter the company sent Nevada officials Wednesday, Dec. 9, 2015. The upstart, California-based automaker chose Nevada over three other states after extensive negotiations with Nevada's economic development team. Its tentative agreement to build the factory is contingent upon the state authorizing major tax incentives.

(AP Photo/Nick Ut, File)

Economics Professor Edward Leamer, director of the Anderson Forecast at the University of California, Los Angeles, said an upstart company might find it hard to sell enough vehicles to break even.

"It could be tough going," he said. "That whole electric vehicle marketplace is tough, with oil prices low."

The startup of about 500 employees has poached executive talent from electric carmaker Tesla and also draws its name from a luminary scientist—Michael Faraday—whose discoveries in the early 1800s laid the groundwork for the modern electric motor.

Nevada topped finalists California, Georgia and Louisiana in the race to land the 2.5 million square foot plant. It's expected to sit on 600 acres in North Las Vegas's Apex Industrial Park and bring 4,500 jobs to Nevada.

Mayor John Lee called the site choice "a transformational opportunity" for his city of about 220,000 residents. North Las Vegas boomed as the nation's fastest-growing city in the early 2000s and nearly busted when the recession hit and pushed it close to insolvency.

It also comes as Nevada, the state hardest-hit by the housing crisis, attempts to diversify its casino-heavy economy by attracting high-tech companies. In addition to clearing the way for Tesla, state officials have awarded hundreds of millions of dollars in incentives to encourage data centers to build and expand in the state.

"I'm excited about the opportunity and I hope it works out," said Republican Assembly Majority Leader Paul Anderson, who will need to

rally support for the deal among lawmakers, some of whom have publicly expressed skepticism. "I look forward to working with people across the board to see if we can get these jobs created."

The Faraday Future news came a day after another Southern California company working on a futuristic transportation project, Hyperloop Technologies, announced plans to expand to the same industrial park. The firm, which is trying to develop a system that would propel passengers and cargo through nearly airless tubes at the speed of sound, said it will build a test track and conduct early-phase testing at the park.

Hyperloop officials, who haven't decided on a location for a larger, second-phase test track, said they chose Nevada because the state was able to move quickly to approve the project.

Faraday Future is another foray by a China-based firm into the US transportation market. A proposed high-speed train from Southern California to Las Vegas and an electric bus company are other examples, as a massive country that has grown at breakneck speed begins to export its expertise in moving people around.

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