

Electric car factory planned in Arizona to have 2000 workers

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Electric car maker Lucid Motors said Tuesday it will build a manufacturing plant in Arizona that will begin production in 2018 as it looks to compete in the fast-growing market for luxury electric vehicles.

The company said it chose the Casa Grande location from dozens of other spots around the country.

Construction of the factory will begin next year in a move expected to bring an initial 400 jobs. The company projects the plant will have 2,000 workers by 2022.

Lucid, which recently changed its name from Atieva, has been around for a decade, focusing its early years on making batteries. Its staff includes former Tesla employees, including its chief technology officer.

The decision came amid rising demand for electric cars from traditional automakers and Silicon Valley startups such as Lucid.

Tesla Motors is building a sprawling battery factory near Reno, Nevada, after receiving a generous \$1.3 billion incentive package from the Nevada Legislature.

Faraday Future, another electric car maker, is building a factory near Las Vegas after getting \$335 million from the state, although the project has been stalled amid questions about its funding source.

Automotive jobs took on a prominent role in the recent presidential race as Donald Trump repeatedly blasted trade agreements that shifted manufacturing from the Rust Belt to other countries

Arizona Gov. Doug Ducey has made job creation and a business-friendly climate top priorities of his administration. He previously made a trip to California to lure the Lucid factory.

"It's a real sign that the state is attractive, that California companies and companies from around the country see Arizona as a great place to do business," Ducey said.

Lucid is receiving government assistance from the Arizona Commerce Authority that could total in the millions.

The future for startup electric vehicle makers is far from a sure thing, especially for companies that have yet to manufacture a single car, said Sam Abuelsamid, a senior analyst for the market research firm Navigant who has studied Lucid and met with company executives.

He cites a litany of challenges.

Tesla has struggled to turn a profit despite huge demand for its Model X and more affordable Model 3. Vehicle reliability is a major concern for any new car maker, especially in a marketplace where traditional automakers are manufacturing their own electric vehicles. And battery technology is highly expensive.

"We'll see if Lucid can do it any better than Tesla has," Abuelsamid said. "The car's not going to be in production until quite a ways out. I wouldn't call it entirely paperwork at this point because they do have real, developed prototypes but it's certainly not ready for prime time yet."

He also noted how startups are at the mercy of investors who can become skittish about handing over cash. He cited the Faraday plant in Nevada where construction work was suspended recently at the factory site. Abuelsamid said the Chinese entrepreneur backing that company was also an early investor in Lucid.

A news conference announcing the move Tuesday featured business and political leaders along with top company officials. The company showed off two prototypes for its planned car.

"We're very excited to be bringing new jobs and our innovative technology to Casa Grande," said Brian Barron, Lucid's director of global manufacturing.

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