

Volkswagen starts US electric vehicle assembly in Tennessee

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In this Aug. 31, 2017, file photo, workers produce vehicles at Volkswagen's U.S. plant in Chattanooga, Tenn. Volkswagen began production of its first electric vehicle assembled in the United States at a Tennessee plant Tuesday, July 26, 2022. In a news release, the German automaker said it plans to ramp up production in Chattanooga of the ID.4 electric compact SUV to 7,000 cars per month in the fourth quarter of this year, with a goal of increasing that rate next year. Credit: AP Photo/Erik Schelzig, File

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The kickoff comes after Volkswagen announced an \$800 million investment in the company's manufacturing of electric vehicles in North America at the Chattanooga plant in 2019, including facilities for vehicle and battery pack assembly. The company says it is hiring more than 1,000 production team workers there through the end of the year. Volkswagen Chattanooga currently employs more than 4,000 people.

The start of production comes as [America's automakers take aim with electric vehicles](#) at the largest segment of the U.S. market: modest-sized SUVs, representing about 20% of new-vehicle sales.

Volkswagen says the ID.4 is its most popular electric vehicle, with more than 190,000 delivered to customers around the world since last year.

The company says customers can expect ID.4s to be delivered as early as October. The starting manufacturer's suggested retail price is about \$41,000.

The Chattanooga factory is now the sixth site globally to produce electric vehicles for Volkswagen. Volkswagen's goal is for 55% of U.S. sales to be fully electric by 2030.

Initially, Volkswagen will offer the American-built vehicles in either

rear wheel drive or all wheel drive with a 82-kilowatt-hour battery. A lower-priced version with a 62-kilowatt-hour battery and rear-wheel drive will go into production later this year.

Volkswagen says it will mainly rely on North American parts for the vehicle, including materials and components assembled in 11 U.S. states. SK Innovation in Georgia will supply the batteries.

In the budget passed by Tennessee lawmakers in 2019, Volkswagen received an additional \$50 million in state incentives for the Chattanooga plant to aid in the electric vehicle expansion.

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