

More money pledged from Michigan for a \$3.5 billion electric vehicle battery plant after Ford pauses

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Ford Motor Co. Executive Chairman Bill Ford announces the automaker's new BlueOval Battery Park, Feb. 13, 2023, in Romulus, Mich. Ford Motor Co. said Monday, Sept. 25, that it's pausing construction of the \$3.5 billion electric vehicle battery plant in Michigan until it is confident it can run the factory competitively. Credit: AP Photo/Carlos Osorio, File

More money is being pledged in Michigan for the development of a \$3.5 billion electric vehicle battery plant after Ford Motor Co. said it would pause construction until it's sure it can run the factory competitively.

Ford announced the delay Monday and is in the midst of national contract talks with the United Auto Workers union, which wants to represent workers at battery factories and win them top wages.

On Tuesday, a Michigan economic development board voted to send an additional \$65 million to the megasite that will be used for "assistance for site readiness activities," according to a board memo.

"We fully expect that Ford will continue to develop the BlueOval Battery Park Michigan site and we need to allow the Ford Motor Company and UAW to continue their negotiations," Quentin Messier, president of Michigan Economic Development Corp., said during Tuesday's meeting.

The UAW went on strike against Ford and the other two Detroit automakers, General Motors and Stellantis, on Sept. 15. The union at first targeted one vehicle assembly plant from each automaker, and last week expanded it to parts warehouses. But Ford was spared from the expansion because the union said progress was being made in negotiations.

In February, Ford announced plans to build the plant in Marshall, Michigan, employing about 2,500 workers to make lower-cost batteries for a variety of new and existing vehicles. Marshall is about 100 miles (160 kilometers) west of Detroit and is near two major interstate highways.

But Ford spokesman TR Reid confirmed Monday that plant construction has been paused and spending has been limited.

"We haven't made any final decision about the planned investment there," he said.

UAW President Shawn Fain called Ford's move "a shameful, barely-veiled threat by Ford to cut jobs" at a plant that's not open yet.

"We are simply asking for a just transition to electric vehicles, and Ford is instead doubling down on their race to the bottom" with lower wages, he said.

The factory was to start making batteries in 2026, cranking out enough battery cells to supply 400,000 vehicles per year, Ford said.

It would produce batteries with a lithium-iron-phosphate (LFP) chemistry, which is cheaper than the current nickel-cobalt-manganese chemistry now used in many EV batteries. Consumers could then choose between a battery with lower range and cost, or pay more for higher range and power.

While the state had allocated nearly \$1.7 billion in incentives for the project, not all of the money has been sent out and there are clawbacks in place, said Republican State Rep. Sarah Lightner, who is the minority vice chair of the House Appropriations committee.

"Obviously, the strikes could probably have something to do with it," Lightner said.

Sam Abuelsamid, an analyst with Guidehouse Insights, said Ford's decision might be related to the strike, but more likely reflects opposition to the plant among people in a conservative rural area of southern Michigan.

"They don't want the factory, they don't want the traffic, and they don't

want anything associated with a Chinese company," he said.

Earlier this year Virginia dropped out of the race for the same Ford plant after Republican Gov. Glenn Youngkin characterized the project as a "front" for the Chinese Communist Party that would raise national security concerns. At the time Virginia had not offered an incentive package to Ford.

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