

# Ford announces \$11.4 billion electric vehicle investments in Tennessee and Kentucky

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Ford Motor Company this week announced an unprecedented \$11.4 billion investment in electric vehicle production targeted for sites in Tennessee and Kentucky. The investment, being made in partnership with South Korea-based energy company SK Innovations, is the largest manufacturing investment in the company's history and will create two large manufacturing complexes, one near Memphis, Tennessee, and the other south of Louisville, Kentucky.

The move presages a massive restructuring in Ford's operations as it moves away from gas vehicles. The company has targeted a goal of 40 percent EV production by 2030. The new EV operations will be much less labor intensive than production of gas-powered vehicles, involving more technical operations and far fewer assembly jobs, since EVs require fewer moving parts.

The two new sites are expected to employ some 10,000 workers. The megacampus near Memphis is being called Blue Oval City, after the Ford logo, and is supposed to be the largest and most efficient factory in the company's history, dwarfing the massive Rouge Complex outside Detroit, which was the largest factory in the world when it opened in 1928. It will include an assembly plant, a battery plant and a supplier park. According to the *Detroit Free Press* "Inside the plant, 'zero-waste-to-landfill' processes will capture materials and production scrap at an on-site materials collection center to sort and route materials for recycling or processing either at the plant or off-site."

In Kentucky, the company is planning the BlueOvalSK Battery Park, which will consist of twin battery plants that will supply electric power for new Ford and Lincoln electric vehicles set for production later this decade. The first batteries will be produced in 2025 with the complex in full operation by 2026.

Construction will start later this year.

When fully operational, the three battery plants will turn out 1 million units a year to power a range of Ford vehicles.

The new EV megasites dwarf Ford's previous commitment of \$950 million in the Rouge Complex in Dearborn, Michigan, to build the all-electric 2022 F-150 Lightning. It also puts Ford, at least temporarily ahead of other major carmakers in the shift to EVs, including General Motors and Stellantis, as well as Japanese-based rival Toyota, which has focused more on hybrids rather than all-electric vehicles. However, General Motors is currently renovating its Detroit-Hamtramck assembly plant to produce new electric Hummers sometime next year.

The announcement of the new investments by Ford was immediately hailed by the United Auto Workers, with UAW President Ray Curry appearing with Ford President Jim Farley at an event in Memphis announcing plans to build an electric truck and battery plant in nearby Stanton, Tennessee.

In a groveling statement, Curry declared, "The UAW looks forward to continuing our long-time partnership with Ford as consumers transition to make electric vehicles in the right way. The UAW has always taken a lead in manufacturing innovation with our employer partners. We look forward to reaching out and helping develop this new workforce to build these world class vehicles and battery components."

However, while praising its "partnership" with the UAW, Farley did not explicitly confirm that the UAW would be let into the new plants, both located in right-to-work states. "Obviously, they'll have to hold an election, and it's up to the workers, but Ford Motor Company has had a tremendous partnership with the UAW, and I wouldn't want to change that," the Ford

president said.

There is every indication that, whether or not the UAW or some other union is ultimately recognized as the bargaining agent for workers at the new EV facilities, Ford will insist on a lower pay scale than is currently in place at its assembly plants to offset the investment costs and compete with the lower wages at Tesla, which currently is far ahead in EV capabilities. Investors have built up the stock of Elon Musk's EV startup, which accounts for well under 1 percent of global vehicle sales, to the point where it has a market capitalization that dwarfs Ford and other makers of traditional gas-driven vehicles.

For its part, there is no doubt the UAW will agree to whatever terms the company demands in order to secure representation and the ability to collect dues from workers.

The company's selection of sites in the Upper South, rather than Michigan, the manufacturer's traditional base of operations, has set off bitter recriminations in the state. Referring to Ford's selection of Tennessee and Kentucky sites, Randy Thelen, CEO of The Right Place, an economic development organization in Western Michigan, declared, "The automotive industry is Michigan's game to lose, and we've lost the first inning."

In announcing the project Ford shamelessly sought to shake down local governments for handouts, setting off a bidding war between states. In an interview on CNN Farley said, "Essentially, we need support to help customers make this transition financially."

Kentucky, under Democratic Governor Andy Beshear, is ponying up \$250 million in forgivable loans while offering an additional \$36 million for training. Tennessee, meanwhile, has offered a massive \$500 million incentive for the site outside of Memphis.

Explaining the choice of Tennessee and Kentucky, Lisa Drake, head of Ford global purchasing operations, said, "Battery cell plants are huge energy consumers, and a city can't just whip together a plan anywhere. ... We chose the best place for the company, the labor market and the environment."

The construction of battery plants in the US is being presented in the context of a strategic move aimed at weaning US producers off reliance on China, particularly in light of the shortage of semiconductor chips from the Asia-Pacific region and global supply

chain bottlenecks. It follows moves by GM and other automakers to locate battery production in the US. This is in line with the agenda of the Biden administration, which has indicated it views the development of a domestic supply chain for EVs as a matter of "national security."

Given the scarcity of key battery ingredients, such as lithium and cobalt—80 percent of US supplies come from China—the plants will place an emphasis on recycling at the large Tennessee site. The complex will include a battery materials recycling facility that will recycle waste material from battery manufacturing so that it can be fed back into the battery plants. It will be operated by Redwood Materials, a company started by a former Tesla executive. The company has said it can recover more than 95 percent of cobalt, lithium, copper and nickel from batteries.

"This is a really important strategic bet to insource these key components. It won't be the last," Ford CEO Jim Farley said in an interview Monday published in the *Free Press*.

While the drive to produce electric vehicles is being presented in altruistic terms, as part of an effort to confront climate change, as with every other aspect of capitalist society it is subordinated entirely to the drive for profit. EVs promise massive cost savings to the auto giants due to the far lower assembly costs versus gas driven vehicles. This will of necessity entail a further attack on the jobs and living conditions of autoworkers.

The rational development of the productive forces in a manner truly beneficial to society requires socialist planning on a global scale carried out under the democratic ownership and control of production and technology by the working class.



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