



## **Canadian electric vehicle maker considering N.C. for first U.S. plant**

By Richard Craver Winston-Salem Journal – February 28, 2020

North Carolina is again being considered for an automobile manufacturing plant, this time by a Canadian electric vehicle maker.

The odds, again, appear long that a Triad/Carolina Core megasite would be in play for an ElectraMeccanica Vehicles Corp. assembly facility for its single-seat, three-wheeled Solo EV.

The facility would include an engineering technical center with a total workforce of about 200 jobs.

The Vancouver, B.C., company disclosed Thursday it has narrowed its search to sites in Arizona, Colorado, Florida, North Carolina, South Carolina, Tennessee and Texas.

Unfortunately for the Triad and its Greensboro-Randolph County megasite, the company's site-selection firm has identified the Triangle as its preferred location in N.C.

The Carolina Core that stretches from the Triad to Fayetteville contains four megasites, three (Greensboro-Randolph, Chatham and Moncure near Fayetteville) with open-ended possibilities. Piedmont Triad International Airport also is considered as a megasite, but with a concentration on aviation and logistics.

The other semifinalists are Phoenix, Denver, Orlando, Spartanburg, S.C., Nashville, Tenn., and Fort Worth, Texas. The company plans to announce the plant site in the third quarter, along with backup options.

ElectraMeccanica's business model involves making the Solo EV with contract manufacturing partner and strategic investor Zongshen Industrial Group in Chongqing, China.

Where the U.S. plant comes in that the Chinese plant would supply "knock-down kits" for assembly domestically.

The company said a U.S. plant would help it capture a U.S. electric vehicle marketplace that it projects to comprise more than 30% of all passenger vehicle sales by 2040.

Another advantage to a U.S. plant, the company said, is reducing or potentially eliminating U.S. tariffs.

"This strategic initiative will not only allow us to limit uncertainties in the global supply chain, but also grow our talent pool of engineering resources and seize the tremendous market opportunities in the USA," Paul Rivera, ElectraMeccanica's chief executive, said in a statement.

The company said it will request local and state incentives, saying "they are typically tie-breakers in site selection."

Zagros Madjd-Sadjadi, an economics professor at Winston-Salem State University, said ElectraMeccanica may be taking a risk in opening a U.S. plant.

"According to the U.S. Department of Energy, electric car sales actually declined by nearly 10% in 2019 as Americans only bought a little over 325,000 electric cars with Tesla accounting for nearly half of those sales," Madjd-Sadjadi said.

"Electra Meccanica is, by comparison, a niche player in the field. Although it has preorders for tens of thousands of vehicles, these are not guaranteed sales, and it is trying to develop three different electric vehicles at once.

"This means that it will likely rely very heavily on incentives, and they are trying to induce a bidding war."

Madjd-Sadjadi that with most global automobile manufacturers "attempting to develop their own electric cars, I personally think that betting on a relatively unknown company with no established product line would be a long shot."

"Or few megasites ought to be reserved for more established players that are more likely to be able to survive the next economic downturn."

Bob Leak Jr., president of Winston-Salem Business Inc., said there has been value in being a runner-up in some recent automobile manufacturing project.

He cited that philosophy in January 2018 when Toyota Motor Corp. and Mazda chose Huntsville, Ala., over the Greensboro-Randolph site to build a \$1.6 billion production plant even though North Carolina was prepared to offer \$1.5 billion in incentives, more than twice the \$700 million from Alabama.

"The Greensboro-Randolph megasite is now recognized as a viable option for a host of potential projects, not just automobile manufacturing," Leak said.

"We hope that the next time an automobile maker considers the Southeast for a plant site, we'll pop up as the top option."

John H. Boyd, principal with New Jersey site-selection company The Boyd Co., said North Carolina's odds of landing the ElectraMeccanica plant are likely better than it was with traditional automobile manufacturers that chose site with established supply chain clusters.

"ElectraMeccanica will require a much different supply chain and worker skill sets, more playing to North Carolina's favor in electronics, information technology, engineered plastics, software and even interior design strengths," Boyd said.

Boyd said the company's strategy of announcing the project via a news statement "is another example of the changing landscape of the corporate site-selection field."

"This is a novel approach, one that I have not seen since in my 45 years as a site selector."

"The unorthodox approach of announcing the short listed states in this fashion can potentially expose ElectraMeccanica to an unnecessary backlash due to growing concerns about incentives, not to mention disruptive sales pressures at its Vancouver head office.

"On the plus side, this approach could encourage short-listed states to jump start investments in electric vehicle infrastructure, EV tax credits and workforce training programs tailored to the emerging EV industry."