

The Atlanta Journal-Constitution

Georgia angles for elusive automotive factory win with Rivian



Rivian R1T all-electric trucks in New York City's Times Square on Nov. 10, 2021, the day Rivian's publicly traded shares listed on Nasdaq.

Credit: Ann-Sophie Fjello-Jensen

By J. Scott Trubey - The Atlanta Journal-Constitution, Greg Bluestein - The Atlanta Journal-Constitution - Nov 19, 2021

After years of near-misses and stinging defeats, Georgia is on the cusp of winning an automobile factory for the first time since Kia Motors announced in 2006 it would build a plant in West Point near the Alabama border.

Electric vehicle startup Rivian and state leaders are in deep negotiations for a site east of Atlanta along I-20 that would not only be transformative for Jasper, Morgan, Newton and Walton counties, but for the state's auto industry as well.

Asian and European brands bypassed Georgia for other Southern states again and again throughout the 1980s, 1990s and 2000s, before Kia's announcement 15 years ago. More recently, Georgia was the runner-up to South Carolina for a Volvo plant in a bitter loss to the Palmetto State.

Longtime observers and participants in the state's economic development efforts say the losses helped state leaders hone Georgia's offerings to make the Peach State more competitive to the auto industry.

Georgia boasts top research universities, a globally connected airport, world-class rail lines, freeways and bustling seaports. Over the years, the state tweaked its incentives, committed billions to its infrastructure and overhauled worker training efforts in hopes when the next automaker came calling, Georgia would be ready.

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"You learn a lot through each experience about what works and what doesn't work," said Craig Lesser, a former commissioner of the Georgia Department of Economic Development during the recruitment of Kia.

Irvine, California-based Rivian is not yet a household name like its electric rival Tesla. In fact, after a dozen years in development the company only started delivering its first vehicles in September from its initial factory in Illinois.

Still, Wall Street values Rivian at more than \$100 billion, or more than General Motors or Ford, on the potential that Rivian will be a leader of the electric mobility future.

Rivian has ambitious goals and a steep climb to reach them.

Rivian has a deal to build 100,000 delivery vans by 2030 for Amazon, one of its blue-chip investors. The company also says it has 55,000 combined pre-orders for its luxury R1T pickup and R1S sports utility vehicle. It has a goal of 1 million EV sales per year by decade's end.

Georgia isn't Rivian's only suitor. The company has said publicly that it is considering multiple states and Texas has been in talks with the company for months about a factory near Fort Worth.

But if Georgia's negotiations prove successful, a Rivian factory would build upon the state's successful recruitment a few years ago of a \$2.6 billion SK Battery America factory, cementing the state as an emerging power in EVs.

Cox Enterprises, the owner of The Atlanta Journal-Constitution, also owns a 4.7% stake in Rivian and supplies services to Rivian. Sandy Schwartz, a Cox executive who oversees the AJC, is on Rivian's board of directors and holds stock personally. He does not take part in the AJC's coverage of Rivian.

Skipped over

Georgia currently has just one automobile assembly plant in Kia. But the state is a prolific producer of parts for other Sun Belt factories.

A 2020 report by Georgia Power Community & Economic Development says more than 55,000 people are employed in the nearly 180 automotive industry facilities in the state that employ at least 50 people.

Georgia's automotive roots run deep.

In 1915, Ford built one of its first assembly plants outside Michigan and its Southeastern headquarters on Ponce de Leon Avenue next to what is now known as Ponce City Market. After World War II, Ford opened a new plant in Hapeville near Hartsfield-Jackson International Airport. The 1940s also brought a sprawling General Motors factory in Doraville.



(1970 file photo) The General Motors Assembly Plant is a major industry in Doraville, GA. (ROBERT CONNELL/AJC staff) 1970

Both Ford and GM closed their Atlanta-area plants in the 2000s amid corporate restructurings.

Starting in the 1980s, Japanese automakers and later others from Europe crisscrossed the South scouting for factories, attracted by lower business costs, a largely non-unionized workforce and generous incentives.

Auto plants are coveted for the jobs they create and the potential for thousands more at suppliers. But they come at high costs of hundreds of millions in tax breaks, grants and other incentives.

Mississippi won plants from Nissan and Toyota. Alabama shocked much of the automotive world in 1993 with what then was a whopping incentive package to land Mercedes-Benz. Alabama also attracted Honda, Hyundai and a joint-venture factory between Toyota and Mazda.

South Carolina snagged BMW and later Volvo, while Tennessee over the years claimed factories from Nissan and Volkswagen.

Randy Cardoza, who led economic development efforts in Georgia for 10 years starting with Gov. Joe Frank Harris, said Georgia's struggles at obtaining auto factories weren't for lack of trying.

Cardoza said in his time as commissioner the state chased projects from perhaps a dozen manufacturers. But the carmakers often wouldn't say why they passed on Georgia.

Cardoza said he was told by consultants for one automaker the unionized workforces at Georgia's Ford and GM plants scared off some foreign manufacturers. As a result, he said Georgia typically focused on attracting parts suppliers, emphasizing proximity to final assembly plants in other states.

Under Gov. Zell Miller, Georgia courted Mercedes-Benz for a plant that wound up in Alabama, after Alabama offered more than \$100 million in perks for the \$300 million factory.

"People thought that Alabama lost their minds and never would get a return on (those) huge incentives," Cardoza said. "But how many car plants they got now? Mercedes going there put Alabama on the map."

In 2002, under Gov. Roy Barnes, Georgia thought it won a Sprinter van facility in Pooler near Savannah. The state held a bash to announce the \$750 million facility, with representatives of the company noticeably absent.

The van plant fizzled and eventually a smaller facility was built in neighboring South Carolina.

Lesser, the economic development commissioner under Gov. Sonny Perdue, said the drought finally ended with Kia.

The Korean automaker wanted its first U.S. plant near the facility of corporate cousin Hyundai in Montgomery to take advantage of existing suppliers.



Georgia's only auto assembly plant, the 2,700-worker Kia factory near West Point. (AJC file photo)

Negotiations with Kia spanned 11 whirlwind weeks, a neck-breaking speed for such a huge investment.

The incentives tab for Kia topped \$400 million, an amount watchdogs at the time called “excessive.” But the deal brought thousands of jobs from Kia and vendors, transforming West Point, a city still reeling from lost jobs as textile manufacturers shifted jobs overseas.

“The work we had done, our team, was going to have an enormous impact on people’s lives,” Lesser said.

‘Taken the ball’

After Kia came another dry spell with auto plants, but the state won North American headquarters for Porsche and Mercedes-Benz.

Chris Riley, who was Gov. Nathan Deal’s top aide for eight years, said the state embarked on a series of steps to close the deal with major manufacturers over the last decade.

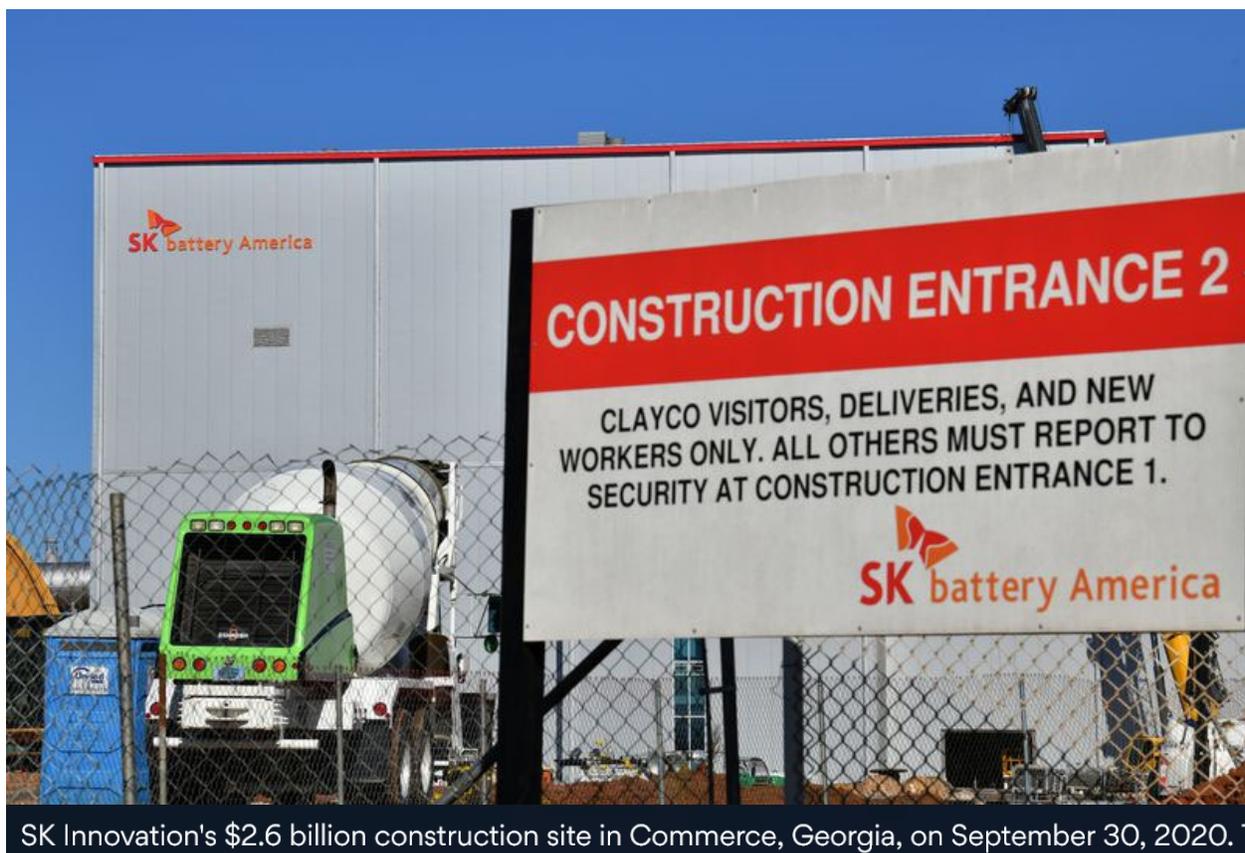
Lawmakers removed the sales tax on energy used in manufacturing, directed new investments at the Savannah and Brunswick seaports, and teamed with the city of Atlanta to meet the needs of Hartsfield-Jackson airport.

Between 2013 and 2017, the state was in the middle of three major auto manufacturer prospects. The biggest was Volvo.

Georgia wound up but a “stalking horse” used by Volvo to leverage more incentives from South Carolina. Two other automakers wound up locating in Mexico.

But Riley said the misses still yielded lessons, namely the need to bolster workforce training programs. That led to more investments in the HOPE Career grant that tailored degree programs toward employers’ shortages.

If Georgia wins Rivian, there will be a natural link from South Korea-based Kia to the new electric vehicle plant.



SK Innovation's \$2.6 billion construction site in Commerce, Georgia, on September 30, 2020.

In 2018, after aggressive recruitment under Deal, Georgia landed a major battery factory — the heart of what propels an electric vehicle — from South Korea-based SK Battery America in Jackson County. It was Georgia’s biggest automotive recruitment since Kia.

Gov. Brian Kemp's administration deepened the relationship, reaching a deal to expand SK's operations in the state since that time.

Ties forged in Korea through the recruitment of Kia helped land SK, state officials have said. And SK will be a vendor for Rivian.

"Governor Kemp has taken the ball and ran with it," Riley said.

John Boyd, a Florida-based site consultant, said Georgia's pitch likely leans on its Quick Start training program, along with access to metro Atlanta's workforce. He said Rivian may not need closer access to the port, because fewer parts and less shipping is typically needed for electric vehicles.

"This will be Rivian's second production site, and Illinois has a far higher cost of business," he said. "This is an area where the automaker can streamline production costs, and the incentive package, strong business environment and workforce all make Georgia very attractive."

-Staff writer Andy Peters contributed to this report.