Kemet factory to serve electric vehicle makers

Stimulus helps create 113 jobs

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Kemet Corp., a manufacturer of electronic components and once one of Greenville County's largest industrial employers, unveiled its new $34.1 million power film facility Monday that will allow it to jump into a burgeoning market to develop parts for electric vehicles.

The new facility was hailed by political and company officials as a success of the previous federal stimulus package for its job creation potential.

The U.S. Department of Energy's National Energy Technology Laboratory and the state of South Carolina provided just over half of the funding to retrofit a facility at Kemet's headquarters in Simpsonville to add a flexible manufacturing line and eventually three automatic assembly lines to produce the capacitors that will be used in electric drive vehicles and other green technologies.

In return, Kemet has promised to hire 113 workers to staff

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Kemet opens its $34.1 million capacitor manufacturing facility in Simpsonville that is expected to create 113 jobs. The company got federal and state incentives for a facility to produce capacitors for electric vehicles. GWINN DAVIS/STAFF

KEMET

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the plant as it comes online in the next few years in Simpsonville.

Kemet CEO Per Loof said the facility and the jobs it will create would likely not have been built here or at all without the incentives Kemet received through the much-debated American Recovery and Reinvestment Act.

"I think we will invest the taxpayers money well and there will be more jobs per dollar here than in many other places," Loof said.

U.S. Rep. Trey Gowdy said after the opening that he supported Kemet because it had won a competitive grant process and was "heavily invested itself" but that the overall economic stimulus "has been a resounding failure notwithstanding episodic successes like this."

Kemet will make a $16.5 million investment in its facility. Loof said the state and federal incentives were important to develop expensive new technology and that, if spent wisely, the public-private investment would have a "tremendous effect" on development of new electric technology.

The federal grant will contribute $15.1 million while state incentives equal $2.5 million, according to Kemet documents.

Right now, 16 percent of Kemet's $1 billion a year business is geared toward transportation. Loof said he expected the automotive segment to continue to grow and "take a bigger and bigger piece" of the company's portfolio as vehicles become more integrated with electrical technology.

Loof said 35 percent of electric vehicle growth would happen in the U.S., making the Simpsonville facility important because of the company's local access to parts manufacturers that make equipment that go into electric and hybrid vehicles.

"We're going to see this market grow," Loof said. "We're going to see this market grow quickly."

State Secretary of Commerce Bobby Hitt said Gov. Nikki Haley's administration believes manufacturing is the way out of the economic doldrums. As part of that, "we have to have innovation and certainly electric cars are a big part of the innovation," Hitt said.

He said that 10 percent of the state's work force is already in manufacturing, but it generates 17 percent of the gross state product.

"It's our commitment, the Haley administration and my office, to work with companies to help them be successful," Hitt said. "It's why there's a grant for this project. It's why there will be grants for other projects. Our job is to enable companies to compete with a business plan and employ South Carolinians."

Hitt called incentives the key to ensure success for companies that choose to relocate or expand in the state.

Gowdy said the nation needs to continue to explore energy alternatives but said he prefers competitive grants with companies that have "financial skin in the game."

Kemet has hired nine workers so far and would be able to roll its first capacitors off its flexible production line within 45 days, Loof said.

Its automated lines are under construction and would be added to the facility as needed when production rolls out full scale, Loof said.

Kemet is banking that electricity will continue to be at least a part of the future for vehicles, Loof said.

Boiled down to its core functions, capacitors take DC power and turn it into AC power that can be used to drive the electric vehicles, Loof said.

"When there is voltage, you need a capacitor," he said.

Kevin Pavlov, COO of Magna E-Car Systems, which develops hybrid and electric vehicle systems, now employs 1,400 workers in South Carolina and has been working with Kemet to develop its latest capacitors for electric vehicles.

"Applications are endless" for capacitors as vehicles continue to merge with electronic technology, Pavlov said.

Loof said he expects hybrid diesel engines to eventually come to the U.S. market, improving on hybrid-gasoline models that already get great gas mileage.

Loof said the company could adapt to hybrids, fully electric vehicles or some new technology that's not on the market yet because it would likely use electricity as a component.

Kemet was founded by Union Carbide in 1919 and has been based in Simpsonville since 1963. It is a global manufacturer of tantalum, ceramic, film, aluminum and paper capacitors.

It has 23 manufacturing locations in 10 countries, shipped 48 billion capacitors in fiscal year 2011 and employs 11,000 people worldwide, including 600 in the U.S.

It was one of Greenville County's largest industrial employers little more than a decade ago before slashing its local payroll and sending most of its manufacturing operations offshore, as many U.S. firms did in seeking cheaper labor to cut costs.

Jobs would be added to the Simpsonville site as automated manufacturing lines are installed. The focus now is on engineering and development to ensure quality on the flexible manufacturing line. The first automated line would arrive in a few months, and the other two would be staggered over the next few years, Loof said.

"We have committed to hiring 113 people at this facility," he said. "My bet is that we're going to hire a lot more."