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[Home](#) / [news](#) /

Caterpillar casting wide net of possible sites for new plant

By **RICHARD CRAVER**

Caterpillar Inc. said Tuesday it is considering plant sites only in the United States for another massive manufacturing plant, this time for small track-type tractors and mini hydraulic excavators.

The company is shifting some production from Japan to be closer to its customer base in North America and Europe.

Jim Dugan, a Caterpillar spokesman, said the company has increased the number of potential employees projected for the plant from the more than 1,000 it cited in November to 1,400.

A plant decision is expected to be made by March 31. The decision initially was supposed to be made by Dec. 31.

As with the start of the site search for the 850,000-square-foot axle-manufacturing plant it has built in Winston-Salem, Caterpillar said it is casting a wide net for possible locations.

Caterpillar expects to begin construction on the tractor and excavator plant in the second or third quarter, with full production expected in 2016. Excavator production would be phased in first, followed by tractors.

Although local economic-development officials are hopeful that North Carolina is among the 12 states being considered for the plant, the odds are slim it could end up in the Triad.

The officials, as well as analysts, say Caterpillar typically is leery of opening a major plant within 50 miles of an existing plant. If the company holds to that strategy, it keeps potential sites in Alamance County and Northwest N.C. in play.

Penny Whiteheart, executive vice president of Piedmont Triad Partnership, said it is "very common for companies to identify a boundary," often to keep from having payroll conflicts between plants.

"There is a great deal of interest in the project," Dugan said. "Our priority is making sure we identify what we believe will be the best location rather than rushing to have a site in the next few weeks."

"In the long run, we don't expect the few extra weeks this will take to impact the timeframe for the project."

John H. Boyd, a principal in The Boyd Co. Inc., a site-location consulting company in New Jersey, said logistics are likely to be the key to the site chosen by Caterpillar.

"Proximity to a major port, including one re-engineering itself for expanded Panama Canal container traffic, like a Savannah, is a key, given the new plant's important export mandate," Boyd said.

Boyd said North Carolina should be competitive for the tractor plant for the same reasons it was for the Winston-Salem plant, including positive labor environment, lower business expenses, right-to-work state, training for advanced manufacturing skill sets and economic incentives.

He mentioned sites in Florida, Georgia and Texas as likely being the biggest competition to North Carolina.

"Re-shoring is a real trend, with the biggest stumbling block cited by our clients is the shortage of workers with advanced manufacturing skill sets," Boyd said.

"Companies like Siemens, Philips, Panasonic and even Caterpillar have made this point in recent months."

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