



Study notes costs of operating plastics plants in North America

By Frank Antosiewicz

June 02, 2009

PLASTICS NEWS CORRESPONDENT

PRINCETON, N.J. (June 2, 4:15 p.m. ET) -- The average cost of operating a plastics industry manufacturing plant in North America can range from \$20.7 million in the San Francisco area to \$10.7 million a year at a Mexican *maquiladora* site, according to a new study released by Boyd Co. Inc.

The site selection consulting company's annual study focused on costs at 74 comparative production sites in the U.S., Mexico and Canada. Costs were scaled to a hypothetical 150,000 square foot plant employing 175 nonexempt workers and shipping over-the-road to a national U.S. market.

"Quantitative factors are ruling the site selection process, rather than qualitative factors," said President John H. Boyd.

He said that many factors determine whether a site is feasible for a company. But labor costs, as well as electric, natural gas and shipping costs, are some of the key variables.

In a comparison of the highest cost city, which was the San Francisco metro area vs. the lowest, a *maquiladora* area site in Mexico, the biggest difference was in the weighted average hourly earnings — \$17.88 vs. \$3.12. However, when all costs are considered, San Francisco is about twice as expensive.

Boyd said operating costs can be a key factor for the location of a plant.

The 83-page study from the Princeton, N.J., firm, looks at costs in major areas such as Boston, Atlanta, Chicago, Dallas, Denver, Los Angeles and Seattle, along with second tier metropolitan areas that house smaller concentrations of plastics facilities. It also considers Canadian cities such as Toronto, Montreal and Vancouver, as well as *maquiladora* areas of Mexico.

Boyd Co. was founded in 1975 and offers proprietary cost data to help companies' site selection process.

Entire contents copyright 2009 by Crain Communications Inc. All rights reserved.