



Consultant says La. poised to benefit from reshoring

BY TIMOTHY BOONE Jun 26, 2017

Advanced manufacturing jobs are returning to the United States after years of outsourcing and a site selection expert said Louisiana is poised to be one of the states that benefits from the reshoring.

John Boyd, a principal with The Boyd Company Inc., a New Jersey-based firm that has worked with clients including Boeing, Chevron, Shell and JPMorgan Chase, said Louisiana has the second-lowest costs for operating a manufacturing facility, trailing only behind South Carolina. According to Boyd, to operate a 225,000-square-foot manufacturing plant with 500 employees in Louisiana, it would cost about \$30.17 million a year. The labor, utility and tax costs would be \$30.15 million in South Carolina. On the high end, a similar facility would cost \$40 million a year in New Jersey.

Boyd said there are five factors that companies look at when they are considering building a plant: talent, access, lifestyle, incentives and operating costs. Baton Rouge and New Orleans score well on all of those factors, because of their universities and colleges, workforce training programs, access to ports and airports, cultural amenities and state incentives.

"Louisiana is in a sweet spot, because of the abundance of low cost, reliable energy," he said.

Another factor that may help Louisiana land some large-scale manufacturing operations is the fact that companies want to diversify their footprints to get more political support. For example, Airbus, which is building jets in Mobile, Alabama, may encourage a supplier to set up a plant in Louisiana in order to get the ear of Sens. Bill Cassidy and John Kennedy.

"Companies are taking into consideration that if a supplier puts a facility in a different state, that can increase their bargaining power in D.C.," Boyd said.

More than 5 million manufacturing jobs have left the United States over the past 20 years, as companies automated more processes and shifted operations to markets such as China and Mexico. But in the past three years, more than 100,000 advanced manufacturing jobs have come back to the U.S.

Several factors are driving the return, Boyd said. Costs are rising in China and Mexico. There are concerns about intellectual piracy in China. Businesses want to shorten the supply chain and make goods closer to their intended market.

Under President Donald Trump, the pace of reshoring is expected to increase. "Trump is focused on improving the business climate and companies are buying into that idea," Boyd said. "America is becoming a more attractive place to manufacture goods."

Along with cutting regulations and corporate taxes and renegotiating trade deals, Trump is also expected to make a push to reward companies that have manufacturing operations in the U.S. through the federal procurement program. That could be a big deal for businesses in the aerospace and defense sector, since the U.S. military is such a gigantic customer.