

Wisconsin a frontrunner for Foxconn plant; incentive package expected

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Wisconsin is one of two states now considered frontrunners to land new manufacturing facilities for Taiwanese electronics giant Foxconn, an analyst told

“Michigan and Wisconsin are frontrunners,” said John Boyd, principal at The Boyd Co., a New Jersey-based corporate site selection firm, who has knowledge of the negotiations.

Foxconn, which is Apple Inc.’s main manufacturing partner, is considering sites to build one or more plants that could range from \$4 billion to \$10 billion in total cost, and employ several thousand people.

Boyd said both Wisconsin and Michigan are “working on incentives” to bring Foxconn’s planned manufacturing facility investment, which is being referred to as “Flying Eagle,” to their respective states. These could include things like “property tax abatements, income tax abatements, job creation tax incentives, infrastructure improvements, etc.”

In Wisconsin, “megasites” in Racine and Kenosha counties are being considered by Foxconn, said Boyd.

“This thing could be very, very, very big,” he said.

The Racine County Board this week passed, in closed session, a transfer of \$500,000 from the general fund to go toward “economic support,” although it remained unclear whether the transfer is related to the Foxconn project. A Racine County official did not immediately respond to a request for comment.

The Michigan legislature also is “expediting a new incentive bill,” said Boyd.

Recent reports have indicated that Wisconsin is among several states in the running for potential locations. Ohio, Pennsylvania, North Carolina and Michigan had been mentioned, and that list expanded to also include Texas and Indiana, in addition to Wisconsin.

The Charlotte Business Journal is now reporting that Foxconn is passing on North Carolina and the Southeast.

Boyd said that although some reports have indicated 50,000 potential new jobs, that number is “absurd,” and would be more likely in the “several thousand” range.

More than one facility could also be in play, Boyd said, because of political elements at play. He expects two facilities to be built in North America, potentially in two different states so that “Foxconn would increase its clout in Washington, D.C.” by establishing relationships with senators and representatives in those states.

A plant in Racine or Kenosha counties would be in the district of House Speaker Paul Ryan.

“I wouldn’t be surprised if we see several Foxconn plants,” said Boyd.

Wisconsin Gov. Scott Walker and Michigan Gov. Rick Snyder have each met directly with Foxconn, said Boyd.

Earlier this month, Crain's Detroit Business reported on Snyder's pursuit of Foxconn, which coincides with new tax incentives being discussed in the state legislature. Crain's Detroit also reported that the Michigan Economic Development Corp. has a nondisclosure agreement with Foxconn.

Among the reasons Wisconsin and Michigan, and also Indiana, are in the mix for this plant, said Boyd, is that they are "right-to-work" states, which puts them in the mix "competing with the usual suspects for this kind of project," said Boyd.

"This really puts Wisconsin and Michigan into the big leagues in the battle for advanced manufacturing jobs," he said. "Three of the newest 'right-to-work' states are now competing for a type of project that a decade ago have not considered a Midwestern state."

Foxconn, whose official name is Hon Hai Precision industry Co. Ltd., became infamous in recent years after plant explosions, worker riots and child labor violations in its plants in China, according to the Wall Street Journal. The company, said to be the "largest private employer in mainland China," reportedly installed nets to address high suicide rates at a plant in Shenzhen, China. The facility where that occurred employed more than 200,000 workers, reports said.

In addition, Foxconn also previously committed to a project in Pennsylvania that it said would "hire up to 50,000 workers," but that factory project never came to fruition.

"Foxconn can play games with timelines," said Boyd. "They're new at doing North American site selection, and they're learning very quickly how to leverage that investment."

Boyd said that Foxconn is expected to make an announcement by mid-summer, but that, with all of the interest from so many different parties, this process could last until September.

"This is the trophy project within the context of advanced manufacturing," said Boyd.