

The News & Observer



Customers check out the new Apple iPhone 7 at the Apple Store at the Grove in Los Angeles

Could iPhone assembler Foxconn be planning 8,600 jobs in NC?

By John Murawski, June 23, 2017

Chinese smartphone assembler Foxconn could be the first company to benefit from a proposed North Carolina incentive program for massive job creation.

N.C. House Speaker Tim Moore said Thursday the state is on the cusp of landing a major industry that would employ 8,600 people in one facility. Moore made his remarks Thursday, after the state legislature approved a new corporate incentive within the state budget sent to Gov. Roy Cooper.

The incentive is designed for a company that invests more than \$4 billion and creates at least 5,000 jobs in the state. Such a company would qualify for a refund of its tax bill for up to 25 years. Current law allows up to 20 years, but the most the state has awarded is 12 years.

Moore did not name the company or identify the industry that is in line for the new incentive.

Reuters, the international news service, reported Thursday that Foxconn is considering North Carolina and other states for a \$10 billion display-making manufacturing plant. Foxconn will announce the site in July, according to Reuters, and is also considering Wisconsin, Ohio, Michigan and Pennsylvania.

The Taiwanese company is not merely planning to build a factory in the United States, but to move its entire supply chain here, Foxconn CEO Terry Gou said at a shareholders meeting Thursday. Foxconn assembles iPhones and other smartphone devices in China, where it employs a million people, Reuters said.



A file photo shows workers on the production line at the Foxconn complex in Shenzhen, China. Foxconn makes Apple's iPhones among other electronics items.

Tom Stringer, a site selection consultant with New York-based BDO, warned that rumors about blockbuster jobs deals are all-too-common but often mistaken. Stringer said he is not involved with Foxconn.

In January, Gou said Foxconn could create as many as 50,000 jobs in the United States on a display panel factory, but he noted that it was far from certain, according to news reports.

Foxconn is the world's largest contract manufacturer for electronics, and its product roster includes Apple, Kindle and Nintendo. The company has been criticized for its abusive working conditions and worker suicides, including a mass suicide threat by workers in 2012.

Foxconn already has operations in Pennsylvania and is considering that state as its lead candidate for its U.S. site, according to an Associated Press story. The AP did not list North Carolina as one of the states Foxconn is considering.

Site-selection consultant John Boyd said North Carolina fits the profile of a U.S. expansion territory that appeals to Asian businesses because the state has access to ports and is a right-to-work state with low union representation.

Boyd, a principal at The Boyd Company in Princeton, N.J., said North Carolina's expanded corporate incentive could help the state overcome its perennial runner-up status for mega projects, like the Volvo plant that was ultimately awarded to South Carolina in 2015 and is expected to employ 4,000 people someday.

"There's a history of you losing trophy projects because you fell short when it comes to discussing incentives," Boyd said of North Carolina.

North Carolina's new incentive, embedded in the state budget, would be available to "transformative projects." Under the incentive, companies that qualify can be reimbursed a portion of the state income taxes generated from the new jobs they have created for 25 years.

Michigan, another state Reuters cited as a contender, is also moving a financial incentive bill through its legislature. Michigan's bill would let companies keep withholding tax for up to 10 years.