

CONNECTICUT POST



State looks to take advantage of 'reshoring' trend

By Hugh Bailey | May 7, 2017

For a host of reasons that have little to do with President Donald Trump, manufacturing is showing signs of an American comeback.

After decades where changes in manufacturing employment were characterized by offshoring, the current trend is toward "reshoring," according to a report by location consultants The Boyd Co. of Princeton, N.J., which shows Connecticut faces steep challenges in taking advantage.

The state ranks No. 3 nationally on the list of most expensive places to run a factory, according to the report, behind only New Jersey and New York. South Carolina is the least expensive.

The findings are similar to others that show states in the Northeast have higher costs for labor, property values and taxes. John Boyd, CEO of the Boyd Co., said the report nonetheless makes clear there are changing trends that Connecticut can capitalize on with the right policies.

"We characterize this as a second war between the states," he said. "These jobs are coming back, but where are the projects going to go?"

According to figures from the Federal Reserve, manufacturing output has been increasing, reaching a 16-month high in March. At the same time, the number of jobs in Connecticut has continued a long, steady decline, from about 250,000 two decades ago to about 156,000 today, according to the state Labor Department.

According to the Boyd Co., those numbers could start increasing soon. Cheap energy and productive workers along with demands for higher wages in China are combining to make manufacturing in the U.S. a more viable option, Boyd said, adding that reduced transportation costs help allay some of the difference in expenses.

Connecticut's location and educated workforce make it desirable, Boyd said, adding that ports in cities including Bridgeport should be a priority. "There are a lot of opportunities for New England," he said. "Projects are getting smaller, and there's less of a reliance on real estate."

Boyd also cited campaign promises from Trump to focus on American industry that could boost local manufacturing.

A robust incentive system is essential for attracting and retaining companies, he said, citing Sikorsky and Pratt & Whitney as companies that could have left the state if not for substantial aid. "It is a major criteria that companies look for," he said.

According to the Reshoring Initiative, which tracks the movement of manufacturing jobs back to the U.S., reshoring and other related trends added about 68,000 jobs in 2015, the most recent year for which it has compiled data.

Jerry Clupper, executive director of the New Haven Manufacturers Association, said a number of trends besides offshoring played a major role in the loss of manufacturing jobs in recent decades, including automation. But he said other factors are working toward increasing employment.

"When you look at the newest wave of what's happening, it's all going to contribute to making local manufacturing more attainable," he said, citing 3-D printing and customization as key factors.

The days of thousands of people working in a single factory are gone, he said, saying the average state manufacturer employs 35 to 50 people.

"They're in industrial parks, with names people don't recognize and they have no way to connect that they're manufacturers," he said. "It's really an education process."