

Michigan still in the hunt for Foxconn Technology plant

Daniel Howes and Jonathan Oosting, July 26, 2017



(Photo: Sam Yeh / AFP/Getty Images)

Even if Taiwan-based Foxconn Technology Group chooses neighboring Wisconsin for a major manufacturing operation, Michigan officials say the state is well-positioned to land a second investment — most likely in the southeast corner of the state.

“They’re looking at Lyon Township and they’re looking at Romulus,” Matthew Gibb, deputy Oakland County executive and head of the county’s economic development arm, said in an interview. “You’re talking about having to build roads and freeway access,” the culmination of delicate negotiations typically completed before a splashy news conference to announce a site selection.

But officials in Romulus and Lyon Township say those discussions are not happening with the state or representatives of Foxconn, the world's largest contract electronics manufacturer. The process is being tightly controlled by Gov. Rick Snyder and the Michigan Economic Development Corp.

And that's raising the possibility that a winning community would be faced with contentious negotiations over zoning, land acquisition, infrastructure upgrades, utility capacity and possible environmental remediation — all of it after the economic development coup of the decade is publicly announced, intensifying the pressure.

"There's been no substantive talks about this large project," said Tim Keyes, economic development director for the city of Romulus. "We've had nothing to do knowingly with the company or people representing Foxconn."

Multiple news outlets are reporting that Foxconn could announce as early as this week its choice of southeast Wisconsin for a plant manufacturing liquid-crystal displays, backed by a taxpayer-funded package that could exceed \$1 billion, the Milwaukee Journal Sentinel reported Tuesday. The site is said to be in the district of House Speaker Paul Ryan, R-Wis., underscoring the political benefit for an Asian manufacturer investing in a state that helped Donald Trump win the White House.

Last month, a ranking Foxconn executive confirmed the company is considering at least five states for its blockbuster investment — Michigan, Ohio, Wisconsin, Pennsylvania and North Carolina. Trump, openly critical on the campaign trail of iPhones assembled by Foxconn in China for the U.S. market, won all five states in his drive for the presidency.

He also raised the prospect of slapping import duties on the Apple Inc. devices. That prospect theoretically could be blunted by multiple large investments in politically critical states whose voters demonstrated a willingness to back Trump. The five states publicly identified by Foxconn would fit that bill.

Foxconn is said to be considering investments in the United States that could total as much \$10 billion and create thousands of jobs. Such a massive prospect has pushed state legislatures from Lansing to Ohio and North Carolina to tailor lucrative incentive packages to woo the company's operations.

"It's the project of the decade," said John Boyd, a principal of The Boyd Company Inc., a corporate site selection consultancy based in Princeton, N.J. "It's like the gigafactory on steroids. It's the focal point of the nation's economic development community. In all likelihood, there will be more than one Foxconn plant."

The public disclosure of Foxconn's American intentions, confirmed by CEO Terry Gou soon after Trump's election to the presidency, has created a feeding frenzy among governors, state

lawmakers and economic development officials clamoring for a shot to attract Foxconn, its jobs and associated economic activity.

Snyder and like-minded Republicans in the Legislature used the prospect of landing Foxconn to leverage passage of the “Good Jobs” legislation. The bills, which the governor is set to sign Wednesday in Rochester Hills, enable companies to capture a portion of state income taxes from new employees.

And Republicans in the North Carolina legislature joined with Democratic Gov. Roy Cooper to pass bills that would exempt any employer creating more than 5,000 jobs from corporate income taxes for 25 years — a sizable tax break more common in the South.

“When this went public it became a circus,” said Birgit Klohs, president of The Right Place Inc., the economic development arm for the Grand Rapids region. “It shouldn’t happen that way. It makes it so much more difficult.”

But not impossible, development officials say. A two-page document circulating among state lawmakers during the Detroit Regional Chamber’s Mackinac Policy Conference detailed a multi-phase investment plan that envisioned Foxconn investing \$11 billion in a series of plants employing up to 20,000.

No single state would likely land it all — if, in fact, Foxconn were to make good on its vision. The Taiwanese manufacturer has a history of promising big in the United States and delivering less, as it demonstrated in Pennsylvania four years ago when it promised to invest \$30 million and create 500 jobs. The plant was never built.

Publicly detailing the industrial states Foxconn is considering in the Midwest and South ups the interstate competition. That necessarily injects governors and lawmakers directly into the process because the sums for incentives and infrastructure upgrades are so large, and so are the political stakes.

Should Foxconn look to Wisconsin for its initial investment, Michigan officials are angling for what a ranking official called a “more auto-related” investment that would be a natural fit with the state’s burgeoning auto supply sector.

“It is our understanding that Foxconn is planning multiple manufacturing sites in the U.S.,” said Anna Heaton, a spokeswoman for the governor. “So we would not consider the announcement of one location to rule out a future Michigan presence.”