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Why did N.C. lose Caterpillar?

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It's beginning to feel like a mini-epidemic.

The post-mortem has begun on why Southeastern North Carolina lost yet another big industrial project to another state – this time Georgia.

Government and development officials tried Friday to dissect a deal that could have lured Caterpillar here to build a manufacturing plant and hire up to 1,400 people.

Last year, a deal to bring Continental Tire and 1,600 jobs to Brunswick County died when South Carolina landed the plant instead.

On Friday morning, Georgia Gov. Nathan Deal and the Caterpillar chairman and CEO announced that the world's largest construction-equipment maker will build a manufacturing plant in Athens. It will break ground in March and begin operations by 2013.

Any number of things could have killed the Caterpillar deal for North Carolina, but staring just about everyone in the face was "the port."

Jim Bradshaw, executive director of the Brunswick County Economic Development Commission, said the site – in the International Logistics Park of North Carolina straddling the Brunswick-Columbus County line – was eliminated Feb. 7 when the N.C. State Ports Authority could not guarantee there would be a 50-foot-deep channel leading to the current or future port. The current depth of the Cape Fear River channel is 42 feet.

That depth was critical because Caterpillar wanted a port that eventually could accommodate the larger ships that will soon traverse a widened Panama Canal.

But Glenn Carlson, chief commercial officer for the ports authority, said the ports could have met Caterpillar's needs and suggested that an unrelated issue caused the company to go elsewhere. He declined to elaborate.

Carlson said Caterpillar needed 20 acres of staging area at the Port of Wilmington, which was available.

But state Sen. Bill Rabon, R-Brunswick, said the Port of Wilmington doesn't have relationships with two shipping lines used by Caterpillar at the Port of Savannah.

"That was the big thing," he said.

State Rep. Susi Hamilton, D-New Hanover, said she believed access to the larger port in Georgia was a driving force in the company's decision.

"The good news is that we were given very constructive feedback on the things that need to be done and improved upon at the (N.C.) state ports in order for us to be more competitive in the future," Hamilton said. "I hope that we will consider investments in our ports in the coming months that next time will make the difference."

RO-RO SERVICE

Bradshaw pointed to the need for a feasibility study of the proposed international port at Southport.

"It lies with the General Assembly that they understand we need to address the ports, that they will support a feasibility study on the port," he said.

State Rep. Danny McComas, R-New Hanover, said Caterpillar needed to be close to a port with significant capacity to handle roll-on/roll-off, or ro-ro cargo. Georgia, he said, has a large ro-ro facility that could handle Caterpillar's equipment.

"When I heard that they needed substantial ro-ro service, I knew in the bottom of my heart that it was going to be a difficult one," McComas said.

The ports authority's Carlson said, however, that Wilmington could have handled the company's ro-ro cargo needs. The authority, he said, obtained letters of support from two ro-ro carriers that would have come to North Carolina under certain conditions to support Caterpillar.

Others thought systemic problems killed the deal.

"It looks like we need to reorganize the way we recruit industry in this state," said state Rep. Frank Iler, R-Brunswick.

South Carolina has a Coordinating Council for Economic Development, which includes heads or board chairs of its 11 state agencies.

North Carolina would be well-served by such a committee, Iler said.

"It sounds like they have an advantage to being able to react a little better than we can," he said. Iler added that he plans to propose the creation of a similar committee in the state legislature.

WORKFORCE TRAINING

Georgia officials credited a state job training program and transportation infrastructure – including access to two interstate highways – with helping to lure Caterpillar.

Iler said Caterpillar officials were briefed on educational opportunities for job training at Brunswick Community College.

"They were shown what we have," he said. "Whether it compares or not, I couldn't tell you."

Scott Satterfield, CEO of Wilmington Industrial Development, praised worker educational opportunities in the area – particularly at Cape Fear Community College.

"I don't buy the fact that we don't have or cannot train a workforce for any manufacturer," he said. "If we can accommodate the GEs, Corning and Verizons, we can train anybody."

As far as availability of workers and transportation, Iler thinks the North Carolina site is competitive.

"I don't see how the labor market would be any better in Athens, Ga.," he said. "I don't see how it could be better logistically, but they have to make their corporate decision and it's up to them."

Iler also said that he thought North Carolina was at a disadvantage on taxes.

The state's corporate tax rate is higher than in South Carolina, Georgia and Virginia, Iler said, adding that North Carolina's needs to be lower.

"As close to zero as possible," he said.

'THERE WERE NO POLITICS'

North Carolina's enticements to Caterpillar weren't known Friday.

But Bradshaw said Brunswick County offered to donate the land, waive permit fees and pay a percentage of property tax back to Caterpillar in the form of grants each year.

Though Iler thinks the state's industry recruiting system needs work, others said everyone worked together well in trying to lure Caterpillar to North Carolina.

McComas said he didn't expect any finger-pointing among Republicans and Democrats, like there was after Continental Tire decided to build a plant in South Carolina late last year.

Rabon agreed. "It was a very smooth process," he said. "There were no politics. End of the day, it was just one of those things."

John Boyd, president of the New Jersey-based site-selection firm The Boyd Company Inc., gave several reasons why he believed Caterpillar would choose Georgia over North Carolina.

For one, he said, Congress may soon consider legislation that would impact companies like Caterpillar – including changes that would make it less attractive for companies to send jobs overseas.

Caterpillar already has a significant North Carolina presence. Expanding into Georgia would give the company additional political clout.

"The fact that Caterpillar is going to Georgia gives them two more senators in Washington looking out for their interests," Boyd said.

Athens is close to Hartsfield-Jackson Atlanta International Airport, an attractive feature to an international company like Caterpillar, Boyd said. Athens also is relatively close to seaports in Georgia, South Carolina and Florida, allowing the company to play off of them in terms of getting good prices for the movement of products, he added.

"I thought the project was Georgia's to lose from the beginning," Boyd said, "and they didn't lose it."

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