



## **Study: Region, state in good position to attract companies returning to U.S.**

By DON SERGENT Jul 13, 2017

Reshoring is a buzzword in economic development, and a new site selection study by location consultant The Boyd Company makes a strong case that Kentucky in general – and the Bowling Green area in particular – are poised to take advantage of this trend.

The practice of bringing manufacturing and services back to the U.S. from overseas, reshoring can reap big benefits for communities that can demonstrate a low-cost manufacturing environment that such companies covet.

According to the study by The Boyd Company, a New Jersey-based consulting firm, Kentucky is among the most attractive states based strictly on the numbers.

Factoring in utility and labor costs, taxes, real estate and other costs of doing business, Kentucky shows up as the eighth least expensive of the 48 contiguous states. Overall costs in the analysis were scaled to a hypothetical 225,000-square-foot advanced manufacturing plant employing 500 workers.

Kentucky shows an annual operating cost of \$30.9 million for such a plant. Annual operating costs range from a high of \$39.8 million for New Jersey to a low of \$30.1 million for South Carolina.

Such numbers mean good things for the Bluegrass State, said Boyd Company Principal Partner John Boyd.

“Kentucky is in the mix for companies looking to reshore,” Boyd said Tuesday during a visit to Bowling Green. “Production is coming back from Mexico and China because of infrastructure costs, the need for reliability and other factors. I expect the pace of reshoring to accelerate.”

And he believes the Bowling Green area is poised to take advantage of that acceleration.

“Bowling Green is on the radar screen like never before,” Boyd said. “Being first out of the gate with respect to right-to-work was a factor that put a lot of inquiries in play suddenly. I can’t tell you how important right-to-work is for the entire state.”

Kentucky in January became the 27th U.S. state and the final Southern state to pass a right-to-work law. Warren County Fiscal Court passed an ordinance in 2014 establishing Warren as a right-to-work county.

Kentucky's version of right-to-work prohibits mandatory union membership or payment of union dues as a condition of employment and prohibits public employees from going on strike.

The law has been touted by Republican Gov. Matt Bevin and others in the state's GOP-controlled General Assembly as a boon to economic development, but right-to-work has its detractors.

In a statement, Kentucky AFL-CIO President Bill Londrigan called the right-to-work legislation an "extreme anti-worker bill," saying it would slash wages and "silence working people across the Commonwealth."

Londrigan said utility and transportation costs are greater factors in industrial recruitment, but Kentucky also fares well in those measures.

"Our power costs give us a competitive advantage," said Bowling Green Area Chamber of Commerce President and CEO Ron Bunch, who also cites location as a plus in luring employers to the state.

"Kentucky sits in the center of a 32-state distribution area," Bunch said. "This (Boyd) study underscores that Kentucky offers a great fit for companies looking to relocate."

Bunch points out Bowling Green is already home to a number of international companies, making reshoring a natural in this area.

"We've had conversations with companies that have operations in other countries," Bunch said. "I think we offer a competitive advantage. A couple of decades ago, it was headed in the other direction. But the business climate has changed in ways that make reshoring attractive."

So attractive that Boyd believes Kentucky could benefit from what might be the biggest reshoring event ever.

Taiwanese company Foxconn, the world's largest electronics manufacturer and a supplier of parts to Apple Inc., is looking to move some of its manufacturing to the United States, and Boyd thinks Kentucky could benefit from such a move.

"They're looking at Indiana, Wisconsin and Michigan," Boyd said. "I'm surprised that Kentucky is not in the mix for Foxconn. But there will be opportunities for Kentucky to land a supplier for Foxconn."

And Bowling Green, with its location on Interstate 65, is positioned to capitalize, he said.

“This part of the state (Bowling Green area) is in the sweet spot for a lot of expansions,” Boyd said.