

**St. Charles County
Workforce Development Board**

Manufacturing Task Force

Mission Statement:

The St. Charles County Workforce Development System is an alliance of public and private leaders dedicated to moving careers, companies and communities forward through workforce development that impacts local wages, economic development that impacts local business investment and community development that impacts the local tax base.

Committee: Manufacturing Task Force (August 13, 2020)

Attending Manufacturing Taskforce

WDB Members: Amanda Sizemore, Ben Abbott, Chris Seyer, Mike Hurlbert, Scott Tate

Attending

Manufacturing Task Force Members: George Ertle, Jason Quinn, Louis Pounds, Rich Waligurski, Scott Drachnik

Staff: Lori Myers, Jennifer George, Sharon Sontag

1. Welcome/Comments

Scott Drachnik - EDC SCC – welcomed everyone. The meeting was cohosted with Mike Hurlbert as the chair of the Manufacturing Task Force. Mike introduced Rosemary Coates to the attendees. Mike indicated that this topic is very timely considering that when the Manufacturing Task Force last met in May, there was a good discussion about a national survey that showed companies were already indicating a greater willingness to bring production and sourcing back to North America.

2. Guest Speaker – Rosemary Coates – Reshoring Institute, Executive Director

Reshoring discussion notes:

Rosemary Coates is the Executive Director of the Reshoring Institute and author of five books on reshoring. Visit the Reshoring Institute for reshoring white papers and case studies at www.reshoringinstitute.org. The Reshoring Institute provides research and consulting for companies bringing manufacturing back to America. They also provide internships for college students about global sourcing and manufacturing.

In the 1990's and 2000's offshoring to China was the economic strategy for US Manufacturers. Between the years of 2001-2012 the US lost 2.7 million jobs to offshoring. The 2012 elections were the catalyst for the reshoring movement in America.

There are many reasons why companies are looking at reshoring now. Tax reform, jobs, Repatriation of Funds Act of 2017, intellectual property protection, 232 and 301 Trade Board Tariffs on imports, advanced technologies, incentives offered by state and local governments, reduced environmental regulations, corporate "Economic Patriotism" and the mood of America has changed.

Manufacturing is the key to middle class growth and essential to economic health in America.

Every new manufacturing job has a multiplier effect on the economy– about 1.4x the wage rate.

Blue collar jobs have become the "new collar" jobs. Workers must be more skillful with computers and machine tools and robotics, etc.

What is your global manufacturing trade wars and Coronavirus strategy? Possibly look at reshoring, move resourcing or manufacturing to an alternate country, or build up inventory, pass costs onto the customers, use a Foreign Trade Zone or look your export market.

Evaluate your total cost of ownership like automation, order fulfillment times, logistics costs, value of Made in USA labeling, customer preference and economic incentives. Every company is different. Decisions cannot be made on numbers alone.

It is not so easy to leave a foreign location. Employment contracts will need to be paid out the remainder of the contract. Permits to leave the country take a few years. Tools, dies and molds will most likely not be returned and ownership of these items becomes an issue. The companies will still try to manufacture and sell the products in other countries. As well as IP Process & technology and supply base considerations.

Rosemary shared two reshoring success stories and one failure story. The reason the one failed was because of the lack of skilled labor. The company failed to partner with local schools and colleges to train new workers. They also had a concurrent ERP implementation.

Rosemary shared a few ways you can help support reshoring efforts. You can buy Made in USA products, support STEM Skills and Programs, change the way you talk about manufacturing, if you own stock in companies tell the Board and Executives you want them to reshore, and support and vote for politicians with a strong and viable jobs platform.

Questions:

Are there any specific industries looking at reshoring? Reshoring is being seen in all industries. Apparel, fashion manufacturing, plastics and Wal-Mart are all making moves to reshoring.

In one of Rosemary's books she predicted that by 2020 that 10-13% of manufacturing would come back to the US. How close did that prediction come? It was overblown but due to the pandemic it may start trending now.

On one of the slides you mentioned Foreign Trade Zones. How does that work? There is a case study on the reshoringinstitute.org website about this. But this is where warehouses are outside customs and import fees can be delayed.

Is it as tough to leave manufacturing in Mexico as it is in China? Not as hard to leave Mexico but it is hard to make a case to leave.

Any examples of how the CARES Act Funds being used for reshoring? One company that comes to mind is in New York.

Who can we look to for best practices on reshoring? There is a company in New York that has done some.

Today's meeting was recorded, and the recording will be available along with Rosemary's presentation slides later.

3. Next Meeting

The next meeting is scheduled for November 25, 2020 at 8:00 a.m.

All meetings will continue to be virtual through the end of the year.

4. Adjournment