



Apple Supplier Foxconn Negotiating \$7 Billion Plant in Pennsylvania

Speaking at a meeting at company headquarters in Taiwan on Sunday, Foxconn CEO Terry Gou [expanded](#) on his company's plans to build a \$7 billion flat-panel display facility in Pennsylvania. He said the factory could employ between 30,000 and 50,000 people, depending on what kind of deal he could strike with state officials.



Those plans were inadvertently disclosed following a meeting in December between Donald Trump and Softbank CEO Masayoshi Son. A photo revealed a clipboard Son was carrying that clearly said: "Commit to: Invest \$50 bn in US, generate 50k + 50k new jobs in US in next 4 years." The Foxconn logo was prominent, raising questions that Gou wasn't immediately willing to answer. Said Gou: "I thought it was a private conversation, but then the next morning it was exposed. There is such a plan, but it is not a promise. It is a wish." A company statement added little more:

While the scope of the potential investment has not been determined, we will announce the details of any plans following the completion of direct discussions between our leadership and the relevant U.S. officials.

Now there is plan, and it involves Pennsylvania officials and just how sweet a deal Gou and Foxconn are able to cut with them. In 2014, similar discussions were held with Pennsylvania, where Foxconn already has a small plant, but the arrangement didn't come together.

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Now the potential for such a deal appears to be much improved. Gou singled out Pennsylvania, adding that building the new facility there was dependent upon negotiating competitive agreements on land, power, infrastructure, and, of course, "incentives." Gou asked rhetorically: "If U.S. state governments are willing to provide these terms, and we calculate it is cheaper than shipping from China or Japan, then why wouldn't [our subsidiary] Sharp build a factory in the U.S.?"

He then added that other states wishing to bid on the opportunity had better hurry: "Right now Pennsylvania is very proactive. I have to tell other states to hurry up or we'll go ahead and sign with Pennsylvania."

His company expanded further on the benefits a state would reap:



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While it is not currently possible to confirm the location for that potential investment or estimate the number of jobs that might be created, it is expected that it would create many direct and indirect job opportunities with the new operation and throughout the supply chain in the U.S.

This was clearly meant for the Pennsylvania officials no doubt salivating over the new plant. Voters in Pennsylvania supported Donald Trump for president in November, the first time they voted Republican since 1988. It didn't hurt any that it was another step toward Trump's promise to bring jobs back to the United States made repeatedly during his presidential campaign.

The Pennsylvania plant, substantial though it appears to be, will be dwarfed by Foxconn's largest one. That one, in China, employs an estimated 300,000 workers in Longhua Town, Shenzhen, and is referred to as "Foxconn City." A sprawling complex of 15 separate factories, it contains dormitories for its workers, four swimming pools, a fire department, its own television network, along with a shopping center with a grocery store, a bank, several restaurants, a bookstore, and a hospital.

The Pennsylvania plant would employ between 30,000 and 50,000 people, and the ancillary indirect support and service jobs could result in many thousands more, according to economist Enrico Moretti. Because of that multiplier effect, says Moretti, each new high-tech job in the United States creates five additional jobs in the service economy.

The fact that there isn't a single flat-panel display manufacturer in the country makes the Pennsylvania deal attractive. It would allow the state to expand its advertising for new businesses, offering the Foxconn agreement as evidence that it's on the cutting edge. The tax revenues — income, property, sales — are likely to offset any tax incentives granted to seal the deal.

There's another aspect as well: With a new and friendly environment in Washington, D.C., there is an increased enthusiasm by entrepreneurs such as Gou not only to consider such moves, but to accelerate their completion. Remember: A month ago Gou said such a move was just a "wish." Two weeks ago he said his company is exploring its options. Today it's inviting bids from competing states to match or improve upon the offer being made by Pennsylvania before it signs on the dotted line.

This "ripple" effect is likely to accelerate as entrepreneurs such as Gou get used to the new friendly face occupying the Oval Office.

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