



For Immediate Release

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Contact: Aaron Collins, 608-266-2254

DESPERATION, NOT ECONOMICS, DRIVES FOXCONN'S LATEST ANNOUNCEMENT

"Why Build Something that Can't Compete?"

OSHKOSH – Less than two months after the Foxconn Technology Group stated that it was too expensive to produce advanced liquid crystal display (LCD) panels in Wisconsin, the company announced that they would begin construction this summer on the very Gen6 LCD panel factory they acknowledged will not be market competitive. Production would begin in the fourth quarter of 2020 according to the company.

Assembly Democratic Leader Gordon Hintz said *"Why would the state be interested in providing taxpayer funding for a project that Foxconn as well as numerous business analysts have said cannot be competitive? Building a taxpayer subsidized factory because President Trump wants a factory, or because it helps the politics of trade policy- might make sense for Foxconn, but it doesn't make sense for Wisconsin's economy. The state needs to seriously reconsider before any more taxpayer dollars are wasted on this ever changing boondoggle."*

Labor Costs Are too High: In January of 2019, Louis Woo, special assistant to Foxconn Chief Executive Terry Gou, said Foxconn was reconsidering building an LCD factory there because its labor costs for production in the U.S. were too high to be competitive. *"In terms of TV, we have no place in the U.S.,"* Woo said.

The LCD Market is Saturated: It does not make sense for Wisconsin to invest in a LCD flat-panel industry that is highly cyclical, cost-sensitive, and whose products have short life cycles. A former Chief Technology Officer for Corning, said the *"LCD platform looks like a 25-year suicide pack for display manufacturers characterized by hyper-competition, over investment, periodic non-profitability but requiring sustained investment for product differentiation with poor return."* The LCD panel industry continues to face a supply glut with excess capacity with display panel prices falling more than 50 percent in the last two years.

"Why are we funding the construction of a factory that is not competitive producing a product for which there is access capacity and low demand?" Hintz asked.

Why is Foxconn Doing This? Last June, President Trump attended the ribbon cutting for Foxconn and used the opportunity to highlight bad trade policies and the restoration of American manufacturing. *"As Foxconn has discovered, there is no better place to build, hire, and grow than right here in the U.S. Made in the USA."*

Foxconn Chairman Terry Gou said at an annual shareholder meeting that *"The biggest challenge facing Foxconn is a U.S.-China trade war."* After their announcement in January that they would not be building a manufacturing facility in Wisconsin, the company changed their mind after President Trump contacted them that he wanted to see a manufacturing facility in Wisconsin.

Building a non-competitive manufacturing facility in Wisconsin at a subsidized cost to avoid tariffs on their products exported to the U.S. from China makes sense if you consider Foxconn's intent and global business. Today's announcement that production would begin just before the 2020 election is also not surprising.