

Top 10 Stories

By Mike Randle

Florida's Biotech Industry No Longer a Diaper-Dandy

There are lots of places in the South where the life sciences and the overall biotech industry are growing in significant measures (go to www.BioIndustrySouth.com). Biotech is seen as the next great economic engine, and the Southern states fervently want a piece of the action. Yet, growth in the biotech sector is spotty. The exception is alternative fuels. Seems as if everyday plans for a new ethanol or biodiesel plant are announced somewhere in the South.

In attracting biotech projects, much of the South is still in diapers, so to speak. But not Maryland, Virginia and North Carolina. And, Birmingham, St. Louis, Nashville, Oklahoma City, Memphis, Atlanta and Shreveport have made great strides in the life sciences, or biotech if you like.

Other than Maryland, no state in the South has made bigger gains in attracting biotech projects than Florida. Another California research outfit, The Burnham Institute, based in LaJolla, chose Florida last summer for a significant operation. California's Scripps Research is trying to make it work down in South Florida in what has become a long, politically fired, therefore controversial project. Regardless, Scripps is alive and kicking.

Burnham's choice of Orlando to establish a major research lab proves to us that Florida has shed the "diaper-dandy" stage in biotech. Let's see if the Sunshine State can keep the life sciences momentum. To us, Florida's long strides in the bio industry make this year's top 10 stories.

Missouri Stem Cell Vote

On November 7, 2006, Amendment 2: The Stem Cell Research and Cures Initiative, was approved by Missouri voters. The victory ensures that Missourians will have access to any stem cell research and cures that are allowed under federal law and available to other Americans.

The Missouri Coalition for Lifesaving Cures -- a nonpartisan group that included more than 100 patients and medical groups and 60,000 individual citizens -- was the largest ever formed in Missouri to support a statewide ballot measure. The initiative was formed after several politicians in Missouri tried to pass legislation that would ban and criminalize research involving embryonic stem cells. That effort would have prohibited Missouri patients from having access to future federally approved embryonic stem cell treatments and cures. For more information on this, go to www.BioIndustrySouth.com.

Toyota Begins Production in San Antonio, Picks Mississippi for New Plant

Toyota, the darling of the automotive world, opened its San Antonio plant and began production, in the fall of 2006, of the new Tundra pickup truck line. One quarter later, on February 27, 2007, the Japanese automaker announced it had chosen Tupelo, Miss., for its latest \$1 billion-plus SUV production facility. The San Antonio plant was announced in February of 2003 while the Northeast Mississippi plant was announced exactly four years later in February of 2007. Will Toyota announce another assembly plant in the Southern Auto Corridor (www.SouthernAutoCorridor.com) in February of 2011? Nope, they will pick another site in the South well before 2011.

The real question surrounding the two new facilities in the Southern Automotive Corridor centers on how Toyota will set up its parts supplier network in Mississippi and surrounding states. In Texas, Toyota had to create a new network of suppliers. None existed in South Texas. Because of that, Toyota set up a supplier park on the site of the new Texas pickup truck assembly plant. More than 20 companies supply the San Antonio facility—the ultimate definition of just in time delivery.

The Tupelo-area plant, which is expected to break ground this month, is located near existing Toyota suppliers. That makes it quite unlikely the Japanese automaker will repeat the mistake it made in San Antonio when it placed so many essential companies in one location. Expect five to seven Tier 1 suppliers in the Tupelo area, with all others spread out in Mississippi, Alabama, Tennessee and elsewhere.

The Chinese Arrive

Fear of the growing Chinese economy has taken root in this country over the last several years. Look, in our view, the U.S., particularly the American South, can compete with any country. Competition is good for everyone involved, particularly when the jousting is done on a level playing field. That is not necessarily the case with China. The Chinese play a different game altogether, and we've learned here in the South, particularly with the incredible amount of investments made by Germany, Japan and Korea over the last three decades, that Chinese companies are going to have to play "our game" and play by "our rules" if they want a piece of the North American market. And you bet they do. After all, regardless of what you might think, the U.S. remains the largest consumer market in the world by a wide margin and the South is the largest consumer market in the U.S.

Several China-based corporate deals were announced in the South last year, the first of many to come. Oklahoma landed the first China-based automaker in 2006. Georgia lured a food processor from China last year. And South Carolina successfully recruited appliance maker Haier in 1999, the first Chinese manufacturer to set up shop in the U.S. Haier has expanded its plant in Kershaw County to the tune of \$150 million and 1,000 jobs. The Chinese are coming, the Chinese are coming!

Kia Announces in Georgia, Breaks Ground

Korean automaker Kia announced in March 2006 that it would build its first U.S. plant in West Point, Ga., in western Georgia's Troup County. The location is next to the Alabama-Georgia border. Hyundai, Kia's parent company, operates its only U.S. plant in Montgomery, Ala., about an hour's drive from West Point.

The Kia site-search didn't lack for drama. Early on, it seemed that only sites in Mississippi were on the automaker's radar. But things didn't work out for Kia in Mississippi so the company set its sights on a greenfield site in West Georgia. The timing could not have been better for the Peach State, which saw its existing automotive assembly industry -- Ford and GM in the Atlanta area -- virtually disappear in the winter of 2005-2006. Georgia capitalized on the opportunity to rebuild its auto industry sector within 90 days of the GM and Ford Atlanta plants shutting down.

North Carolina Research Campus Breaks Ground

One of the South's largest biotech deals ever got a fast start in 2006 when workers leveled and removed about 6 million square feet of the old Pillowtex/Cannon Mills textile plant in downtown Kannapolis, N.C. (the former home of Dale Earnhardt), to make way for the new North Carolina Research Campus. We visited the site in November of 2006. It is one of the most daunting undertakings we've ever seen. We saw the construction of the first building on the N.C. Research Campus.

The N.C. Research Campus, an idea spun by David Murdock, owner of California-based Castle & Cooke, Dole Food Co., and much of the real estate that makes up downtown Kannapolis, has partnered with the 16-campus of the University of North Carolina to help make the controversial deal happen. It is happening and the development makes our Top 10 list of stories for the first time. Although, our Ten Top 10s last year had Murdock on our list of Ten People Who Made a Difference.

New Port Slated for North Carolina

The first new deep-water port announced for the South in decades is under way in North Carolina. Last year, the Tar Heel State's Council of State approved the North Carolina State Port Authority's purchase of a 600-acre tract on the west bank of the Cape Fear River in Brunswick County, N.C. The land, located in southeast North Carolina, is adjacent to Progress Energy's Brunswick Nuclear Power Plant. That will be the site of the Port Authority's new North Carolina International Port (NCIP). Early projections estimate the facility would create about 50,000 jobs, about 2,000 directly. The new port, expected to take eight years to build, will have the capacity to handle 2 million containers a year.

Samsung's New Chip Plant in Austin

Back in the mid-1990s, every Southern state reevaluated its economic development strategy to include a major effort at recruiting computer chip plants. Few Southern states, except Texas, benefited from those efforts. In fact, Texas is the only place in the South where a significant fab investment and operation has been announced in the region this decade.

Texas Instruments announced one a couple of years ago in the Dallas-Fort Worth metro area. But the semiconductor deal making this year's top 10 stories is Samsung's massive expansion in Austin, announced about this time last year. The Korean company is spending up to \$5 billion (yes, that's with a "B"), to produce DRAM memory chips on 300-millimeter wafers. About 1,000 workers are being added to Samsung's Austin-area payroll; the average salary will top \$60,000.

Redevelopment of the Mississippi and Louisiana Gulf Coasts

Sure, it's been almost two years since Hurricane Katrina and Rita devastated the coasts of Mississippi and Louisiana. But redevelopment in the stricken area is a must for our Top 10 this year—and considering what has happened there in the past 18 months, it will probably make our Top 10 story list for a while.

Since the hurricanes hit, we have made four trips to Louisiana, and will return again this month. We haven't been invited to Mississippi yet, but we will continue to do what we can for Mississippi's Gulf Coast from here.

The effects of the storms are still hard to grasp. Life below Interstate 10 in Mississippi and Louisiana will remain a challenge for many years. Some companies have fled areas south of Interstate 10. Oreck is the most notorious fugitive. The appliance manufacturer left the Mississippi Gulf Coast for Tennessee after the people of Harrison County made an extraordinary effort and got Oreck up and running after the storm. Oreck's actions don't sit well with us.

All we know is time heals just about everything. And given time, lots of money and some smart minds, the challenges that remain from the 2005 hurricane season in Louisiana and Mississippi will fade from memory and evolve into opportunity.

New Airport in Northwest Florida

Economic development in Florida happens fairly easily. After all, everyone loves to live and work in great weather.

Yet, keeping up with Florida's population increases is another thing altogether. Challenging might not be a strong enough word for the infrastructure improvements Florida officials are facing to keep pace with the state's growth.

Then there's Northwest Florida, or the Florida Panhandle as many call it. This region's problems are those that exist in much of the rural South; low wages, lack of opportunity and old-line industries closing.

In December, the state of Florida finally issued permits for the relocation of the Panama City-Bay County International Airport to a new site in Bay County. To be built in the heart of Northwest Florida, the airport will change that entire region. Getting the project through the FAA and state permitting processes took nearly five years of work, much of it headed up by the St. Joe Company (JOE) and the Bay County Economic Development Alliance. Congratulations!