

Orlando Business Journal

June 18-24, 2004

Job losses slow, but hurdles linger for manufacturers

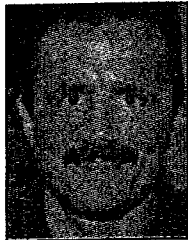
By JILL KRUEGER
Staff Writer

ORLANDO — The loss of manufacturing jobs in Central Florida has slowed in recent months, but manufacturers say they still face a number of hurdles to compete effectively in a global economy.

To bring more jobs to Central Florida and the rest of the state, manufacturers are pushing for the repeal of taxes on machinery and equipment used for expansion, increased funding for work force development and an overall friendlier business climate for manufacturers.

The recommendations came out of a semi-annual meeting recently held by Enterprise Florida's Manufacturing Advisory Council in Orlando, created last year to increase the state's manufacturing base.

"We're trying to reduce our structural costs so we can compete better," explains Al Stimac, president and owner of Metal Essence Inc. in Sanford and a member of the council's steering committee.



Al Stimac

Job losses slow

The Orlando metropolitan statistical

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area continues to show weakness in manufacturing. For the 12-month period ended in February, the Orlando MSA lost 1,900 jobs, says David Scott, chair of the Dr. Phillips Institute at the University of Central Florida.

However, the loss of manufacturing jobs has slowed in recent months.

From last May through April, the area lost 1,600 manufacturing jobs, 300 fewer than the 12-month period ended in February.



David Scott

Meanwhile, the state of Florida lost 3,300 manufacturing jobs in April 2004 compared to April 2003, according to the state Agency for Workforce Innovation.

Orlando accounted for half of the state's job losses, Scott points out.

Laurie Price, director of the Manufacturers Association of Central Florida, says job losses are declining "because manufacturing and production are increasing on a national level and trickling down to the region."



Laurie Price

Competitive hurdles

Nevertheless, manufacturers say they still face several hurdles.

At a recent meeting of Enterprise Florida's Manufacturing Advisory Council in Orlando, manufacturers outlined several obstacles they must overcome if they are to compete in today's global economy amid competition from lower-wage workers in China and Mexico, as well as other states:

- Florida has the second-highest workers' compensation rate behind California, as well as rising health care costs.

- Florida has a higher industrial power rate than the rest of the Southeast.

- Florida manufacturers are taxed on equipment that increases their production, as well as research and development.

- Florida lacks investment tax incentives to manufacturers.

- Manufacturers need better-trained workers.

Such barriers are especially difficult for small manufacturers, which make up most of Central Florida's manufacturing base, Price says. Ninety-five percent have fewer than 100 employees.

Price says these hurdles make it hard to compete with other Southern states,

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Al Stimac,
Metal Essence Inc.

as well as other countries.

“The state of Florida is not very business friendly to manufacturing,” she says.

To overcome some of these obstacles, the council came up with a strategic plan to address many of the issues.

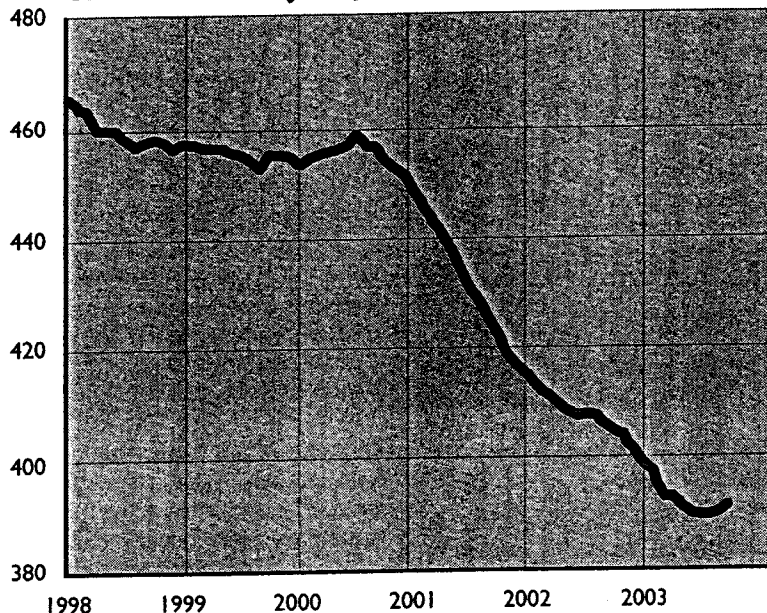
That includes doing things from communicating the value and diversity of the state’s manufacturing base to identifying 2005 legislative priorities to supporting a more competitive environment for manufacturing.

Says Stimac, “The bottom line is we must have the political will to reduce our high external cost and transition our workers for a prosperous, high-tech future.”

On an upswing?

Florida gained 1,400 manufacturing jobs in October 2003.

Thousands of jobs, seasonally adjusted



Source: Bureau of Labor Statistics, U.S. Department of Labor