

From: Maybank, Burnet R. III <BMaybank@nexsenpruet.com>

To: Maybank, Burnet R. III <BMaybank@nexsenpruet.com>

Date: 9/23/2014 10:05:44 AM

Subject: ED LS: Textile manufacturing returns to Carolinas

---

## Textile manufacturing returns to Carolinas – by way of China

By LINLY LIN

The Charlotte Observer September 22, 2014

2014-09-23T02:29:32Z

By LINLY LIN The\_Charlotte\_Observer

[Facebook](#) [Twitter](#) [Google Plus](#) [Reddit](#) [E-mail](#) [Print](#)



Construction continues on the 230,000-square-foot Keer textile plant in Lancaster County.

LINLY LIN — MCT

INDIAN LAND — Next spring, spinning wheels will hum again in Lancaster County.

Keer, a textile company headquartered two hours southwest of Shanghai, China, is building yarn manufacturing lines in Lancaster, a \$218 million investments bringing more than 500 jobs.

The Carolinas were once the epicenter of the U.S. textile industry, but since the late 1990s, thousands of jobs were lost when emerging markets joined the game, touting cheaper materials and labor. Textile jobs went to China, Brazil and Vietnam, among other places.

Now, in an ironic turn of events, Chinese companies are looking to manufacture in the U.S., lured by lower

costs of energy, cotton and land, and wary of rising labor costs in China.

Wally Wang, deputy general manager at Keer America, believes more Chinese textile companies and other manufacturers will follow Keer to the U.S.

That would be welcomed in Lancaster County, where the pain of lost textile jobs still resonates.

Carolyn Summers worked for Springs Industries in Lancaster for 42 years before being laid off in 2005 when she was 63. Her daughter, who worked for Springs as a bedding products designer, lost her job two years later. “They opened the door wider for more imports to come into the country,” Summers said. “We got flooded with a lot more cheaper textiles than we were able to produce.” She remembers leaving the factory “in total shock” the day she heard the news.

Springs Mills in Lancaster once employed close to 20,000 people, but in 2007, the last South Carolina textile factory closed. Springs Global reports it employs fewer than 450 in four South Carolina locations that handle warehouse, distribution and services.

Lancaster County lost 11,000 textile jobs from 1995 to 2007. The greater region lost about 26,000 jobs at textile mills in the past 20 years, according to Federal Reserve data.

Since the factories closed, Summers said, “we haven’t had the luxury of textile here. We didn’t think that’d ever come back.”

By starting production in the U.S., Keer believes it has blazed a trail that other Chinese textile companies will follow.

The cost to manufacture in China has risen in the past few years. Feeling the competition intensify, Keer, whose assets exceeded \$325 million in 2010, looked toward the Carolinas, after ruling out Vietnam, India and Pakistan as potential destinations.

Keer’s yarn production had been using American cotton for years; now they simply moved closer to be able to use more.

To be sure, China retains its competitive advantage in many areas of textile manufacturing, including labor-intensive apparel production, which benefits from low labor costs, according to Professor Xu. The manufacture of yarn and fabrics, however, is more automated – giving U.S. sites an upper hand because of lower-cost energy.

Keer took the lead in approaching the South Carolina Department of Commerce, which surprised Ling, who at first doubted a Chinese textile company would even think about going to the U.S.

“The cost difference between the two countries has certainly been narrowed greatly in recent years,” said Ling. A turning point came in 2010, when the Chinese government introduced a series of bank loan and financing benefits for private enterprises to invest abroad.

Previously, the Department of Commerce worked on just three to five Chinese investment projects every year, but now, there are 20 to 25 Chinese companies visiting South Carolina to evaluate investment opportunities every year, according to Ling.

Doug Woodward, economics professor at the University of South Carolina, described the incoming Chinese companies’ investment as “small tiptoes into the U.S. for these big companies.” But “it’s just the beginning,” he believes.

Read more here: [http://www.thestate.com/2014/09/22/3698765\\_textile-manufacturing-returns.html?sp=/99/101/&rh=1#storylink=cpy](http://www.thestate.com/2014/09/22/3698765_textile-manufacturing-returns.html?sp=/99/101/&rh=1#storylink=cpy)

**Burnet R. Maybank, III**

Nexsen Pruet, LLC

1230 Main Street, Suite 700 (29201)

P.O. Drawer 2426

Columbia, SC 29202

T: 803.540.2048, F: 803.253.8277

Cell: 803.960.3024

[bmaybank@nexsenpruet.com](mailto:bmaybank@nexsenpruet.com)

[www.nexsenpruet.com](http://www.nexsenpruet.com)

\*\*\* CONFIDENTIAL COMMUNICATION \*\*\* The information contained in this message may contain legally privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or duplication of this transmission is strictly prohibited. If you have received this communication in error, please notify us by telephone or email immediately and return the original message to us or destroy all printed and electronic copies. Nothing in this transmission is intended to be an electronic signature nor to constitute an agreement of any kind under applicable law unless otherwise expressly indicated. Intentional interception or dissemination of electronic mail not belonging to you may violate federal or state law.

\*\*\* IRS CIRCULAR 230 NOTICE \*\*\* Any federal tax advice contained in this communication (or in any attachment) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending any transaction or matter addressed in this communication.