

WA Governor Courts Boeing In Interstate Competition

Curt Woodward, Associated Press Writer

OLYMPIA, Wash. (AP) — Washington's governor is stepping up public efforts to court the Boeing Co., part of a high-stakes interstate competition for the second assembly line of the company's long-delayed 787 jetliner.

In a report released Monday, Gov. Chris Gregoire detailed what she called the business case for building a second 787 line in Washington state. She previously presented the report to Jim Albaugh, chief of Boeing's commercial airplanes division.

Boeing said it appreciated the thoroughness of the report but emphasized that it still sees workers' compensation and unemployment insurance costs as too high.

"While Washington state has made progress, there is still work to do to deal with the high costs of doing business," Boeing spokesman Bernard Choi said.

Commercial airplane officials are expected to recommend a location for the second 787 assembly line in the next few months. Executives at Boeing headquarters in Chicago are expected to make a final decision by year's end.

The new report includes a comparison of tax burdens in Washington and five other states seen as competitors: South Carolina, North Carolina, Kansas, Texas and California. The report also touts the relative financial health of Washington's unemployment insurance system and cuts in unemployment taxes approved earlier this year.

Gregoire did not explicitly offer any new financial incentives, though major policy changes wouldn't come until the state Legislature meets in January. The administration said it was awaiting word about what Boeing wants.

"We will look at them and be as responsive as possible to them," said Bill McSherry, Gregoire's lead adviser on aerospace.

The report was largely silent on labor relations, which are seen as key in persuading Boeing to keep 787 production in the state. Boeing has indicated it would like a no-strike agreement with the International Association of Machinists, which waged an eight-week strike last year.

"Only Boeing and its unions can negotiate labor-management agreements," Gregoire's report notes. "But leaders in our community and our elected officials can contribute to an atmosphere of improving those relations by ensuring the environment exists to engage in meaningful, productive negotiations."

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State Senate Minority Leader Mike Hewitt, R-Walla Walla, criticized the report as a compilation of statistics and economic scorecards that business leaders already know well.

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