York County is one of the leading manufacturing counties in Pennsylvania. In 2001, York County had 484 local manufacturing firms. This paper looks at seven of those manufacturing firms that have global ties, and how they affect the county.

Govesan, originally founded in 1965 has its main headquarters located in Madrid, Spain with branches in France, Belgium, the Netherlands and York, PA. Govesan has been a part of York County since 1999.

They are one of the leading producers of powder coatings and non-liquid paint. They specialize in four different types of coatings, Hybrid Powder Coating, Polyester TGIC Powder Coating, Super Durable Polyester Powder Coating and Epoxy Powder Coating. These are sprayed electro statically onto metal and then baked. This technique is used on things such as window profiles, basketball equipment, and washing machines.

On March 15, I was able to interview Mr. Peter Butt, CEO of Govesan, about his company and the relationship it has between Spain and York. He told me that York was chosen as their location because of the access to the ports of Baltimore, Philadelphia and New York. In the past, Govesan had been importing its products to their sales branch in Minnesota. In 1999, the York manufacturing plant was created to avoid having to import all of their products. Now they can be manufactured in York and then transported using the many highways. York is also known for having an industrial heritage with many skilled workers.
Pennsylvania also has a very flexible labor law, especially compared to that of European countries. I was told that the law is much stricter when dealing with the number of hours one is allowed to work each week, and there are many more forms that need to be filled out for everyday duties, for example, terminating a workers’ employment. A task such as this, which would normally take only hours in the United States, could take weeks in Spain.

Another benefit of locating in Pennsylvania was a $1.3 million financial package offered by the state. This package included $100,000 Opportunity Grant, $175,000 in Infrastructure Development Program funding used to construct a public road leading to the plant, $400,000 from a Machinery and Equipment Loan Fund low-interest loan, a $630,000 low-interest loan from the Pennsylvania Industrial Development Authority, the City of York waived the building permit and land development fees, and GPU contributed a $20,000 grant for the purchase of the site.

In discussing how the York branch compares to other international branches I learned that there is a downside for Govesan’s producing in the United States. Line operators at York make about $12/hour. In Madrid, the same job would pay a mere $8-9/hour. Thus, Govesan is not one of the companies searching for the cheapest labor. Perhaps they are sacrificing cost for quality labor.

Although no one from Madrid is stationed at the York plant or makes frequent visits, Spain has had a major influence over this branch. Madrid has set budgets and has financially supported Govesan of York until the branch was self-sufficient. Currently, the York branch employs 54 people, 47 employees work onsite and seven are field based salesmen who work from their homes. Within the next year,
Govesan looks forward to expanding their work site to double the current size. They will add over $1.5 million dollars worth of new equipment and increasing their third shift to full, rather than half the number of usual workers. The expansion is expected to create another eleven jobs.

Freezing Equipment Sales (FES) Systems is another manufacturing company in York County. FES is a market leader for Industrial Refrigeration. Founded in 1949, they have been in operation for over fifty years making products used in chemical, petrochemical, pharmaceutical, industrial and liquefied gas, petroleum refining and the food and beverage industry. They have three manufacturing facilities in the U.S. states as well as in China and the United Kingdom.

Turbon International is a plastic injection molding company that has its headquarters located in Hattingen, Germany. Turbon has had its York branch for over seventeen years where they primarily manufacture products for the Imaging Supplies industry. These products range from things such as ribbons and ink jets to components for toner cartridges. They also do a bit of outside work on custom molding and are hopeful that this is an area that they can grow in.

The York branch is a supplier to their companies in New Jersey, Germany and Thailand. But, most of their business now comes from third-party consumers who
manufacture printing accessories. These customers are located in North America, Mexico, South and Central America as well as various customers in Asia.

In talking with John Wright, sales manager for Turbon International Inc., he told me that the biggest challenge to his company’s success was the low cost goods coming in from China and Korea. In addition, Turbon is not exporting its jobs. They are content to stay in the county because the wages are stable and its employees are hard working.

York International was founded in 1874 and is nationally the largest independent supplier of heating, ventilation, air conditioning and refrigeration systems. York International employs over 23,000 people in more than 125 countries worldwide in its 29 manufacturing plants. The York, PA branch alone employed 1,656 people.

York International has worked on such projects as creating the snow for events at the Winter Olympics in Albertville, France and was the official air conditioner in the 1996 Summer Games in Atlanta, Georgia.

Their business is broken down into five business units that geographically serve the world. These are York Americas, serving North and Latin America, York Europe, Middle East and Africa, York Asia Pacific, Unitary Products group, which is responsible for the distribution of Unitary products within North America, and Bristol, which sells and manufactures compressors worldwide.

One year ago, York International decided to move parts of its production lines to San Antonio, Texas and Durango, Mexico, causing all but 509 workers to lose their jobs in York, PA. The company decided to make the move because market preference has been shifting, there had been a 22% decline in the Chiller market, and business
performance was down. They have seen a 50% export decline over the last three years. Also, it was more economical to employ workers in Mexico than in Pennsylvania. In Mexico, workers earn only $1.56/hour and work a six-day workweek with no holidays. Their benefits are only worth two cents an hour.

I was also able to talk to John Hedgepeth, who had worked for FCI for six years working in their pricing and contracts division, before he was laid off due to a merger with Berg Electronics. A French company, Framatone Connectors, originally owned FCI. Framatone specialized in making nuclear power plants and under sea military equipment. There are four divisions in FCI. These are automotive, Communications, Data & Consumer, Electrical Power Interconnect and the Micro connections division. FCI, in York County, made electronic connectors for computers, cell phones, military, air and space equipment, commercial connectors, and medical tools along with other things.

The merger happened because Berg wanted to raise its national standings, as it was only fourth or fifth in the nation. The merge helped in the beginning by creating new jobs. As the turn of the century approached, and the Y2K bug was on everyone’s mind, business went down. Then, after New Year, everything went back to normal and the market became flooded with excess inventory. Three plants had to close, including the plant in Hanover, PA, York County. Three to four hundred people lost their jobs due to lay offs.

FCI-Berg is now operational in 22 countries worldwide. Their 32 manufacturing sites are located in Canada (2), United States (6), Mexico (2), Brazil (1), Germany (1), Austria (1), Spain, (1), France (6), Hungary (1), Ireland (1), Italy, (1), China (2), South
Korea (1), India (1), Japan (2), Malaysia (1), Singapore (1) and Taiwan (1). FCI employs over 12,500 people worldwide, speaking 15 different languages.

Caterpillar, an Illinois based construction equipment manufacturing company, came to York in the early 1950’s. Everyone was happy to see this company come to town because it stimulated the local economy along with raising the average household income and standard of living. At its highest moment, Caterpillar employed almost 4,000 people at its manufacturing plant in York. By its last year of operation, only 1,000 of those employees remained. Most employees of Caterpillar were members of the United Auto Workers Union. The UAW and Caterpillar worked in a love-hate relationship.

The company struggled during the ‘80’s with the recession and in 1991 the number of employees dropped to 2,210 with a labor dispute between the UAW and the company that would last for seven years. In 1996, Caterpillar made the decision to close the York plant. The company said that it needed more flexibility and concessions from the union.

After the closing of the plant, Caterpillar has not completely left its former employees to fend for them. Caterpillar made a Career Training Center that more than 500 former employees took advantage of in order to move on to new jobs. The average new salary for these employees is around $15.18 as compared to the $18-20 they had made at Cat. Now the UAW represents 1,200 Caterpillar retirees.

After closing the York County plant Caterpillar opened new facilities in southern states such as South Carolina, North Carolina, Mississippi and Kentucky. The UAW is
accusing them of trying to find cheaper labor. These states are all “right to work” states. They offer fewer protections to unions and have lower wages. The average wage was $10.70. The new plants also employ only 100-135 people. Keeping employment numbers low discourages union activity.

After finding information on various companies with global ties in York County I was able to interview Scott Dempwolf, the development manager of the York County Economic Development Corporation. His duties include looking at what economic aspects need enhanced through economic impact analysis and meeting with various companies throughout the year.

We discussed why York County is such a popular place for manufacturing companies to locate. To start, he told me about a recent study he did. He said that in the past companies were attracted to places that had good ties to transportation. It originally started with port towns, such as Philadelphia and Baltimore. Then companies followed canals, railroads and highways. Company towns became populated as people looking for work followed the jobs. Location is also important to consider when looking for the best access to raw materials such as water. The area along the Codorus Creek was the first to develop in York.

Today, this has changed. Access to good transportation networks remains important, but now companies locate where there is a strong work force instead of having the work force locate around them. Towns that make “quality of life” improvements generally have a strong workforce because people are happy to live there. These investments include enhancing local healthcare, education and housing.
Some of the reasons that York City has been such a popular place to live is because it has always had the goal of keeping its residential, commercial and recreational spaces clean and well-lit, to promote safety. There are many organizations that promote this, such as the York Clean Team and the Keep York Beautiful organization. These two groups sponsor cleanups in residential areas each month. There are 22 public parks located in the city. The Angels of the Park Program was created to get the community and local businesses involved in keeping these clean.

Lighting is also an important issue. Large cities can be intimidating at night. York urges its local businesses to keep signs lit during the night and asks city dwellers to keep electric candles in their windows. The city believes that every little bit of light helps in creating a friendlier night environment. Also the Light the Night Program is a program that lights up the over 20 murals that are painted on the sides of the red brick buildings downtown.

York also encourages homeownership in the city. The city’s current homeownership rate is around 44%, but the Brenner Administration would like to see this higher. Owning homes is beneficial in that the owners are more likely to keep the appearance of their residences nicer looking. This also is beneficial to the city’s taxes. The city is also fixing up the appearances of older buildings by doing things like repainting and fixing broken windows.

York City is also a popular place to live because of all the family, athletic and cultural activities. York is home to roller rinks, ice rinks, shopping districts and has a collection of theaters and cinema centers. The city also sponsors yearly events, such as the First Night celebration. This is held every New Year’s Eve at the center of the city.
where a white rose, the symbol of the city, is lowered at midnight. There are bands and performers beforehand. I go to this every year. York City has also been looking into purchasing a baseball team and building a stadium. Also, there is an excellent public transportation system that runs through York.

There are also many historic buildings in York. Perhaps the most known is the Central Market House. This has existed since December 11, 1888. In one week, more than 20,000 people can pass through it. The market has remained in operation despite economic depressions, the coming of supermarkets and the decline of York County farmland. The Market House gives some a real sense of community as generations of families have had their selling stalls there since it’s opening.

Scott told me that there are four reasons that York is so strong in manufacturing as opposed to Harrisburg and Lancaster. The first is that York County has been traditionally very hard working community. There are a lot of debt free companies and privately owned companies who are looking to stay in the county long-term. Secondly, York has a history of good engineering and innovation. Third, York has a labor force with strong skills in machinery. Finally, the York Plan was developed around the time of World War II. This was a manufacturing plan that involved making companies networking within the county.

I asked him how the county is affected by bringing in companies. He said that obviously, some families lose jobs, but most companies with global ties bring in more employment opportunities. These companies drive innovation and reinvention. Mr. Dempwolf explained to me that most York County jobs don’t go overseas because York
County manufacturers make specialized pieces of finished products. He explained that
the jobs that go overseas are those that make whole products.

This pie chart shows the industry cluster for York County. Scott told me that it is
important to look at industry clusters to see what York County is strong in. He uses these
in his day-to-day work. He looks at the things that York County is not a major producer
in, or what they are having trouble with compared to the rest of the state, and then he
devises ways to bring the county up to higher levels. As one can see, York is strongest in
Diversified Manufacturing, with 22%. Bio medical and Technology and Information are
areas that the county can improve on.
This is a Baseline Industry Cluster Analysis for York County. This chart, again, now the different areas are doing. This chart is different from the above pie chart. It gives information on local wages, employment numbers and also shows the number of growth or loss in different areas between 1995 and 2001.

New companies do not have a lot of trouble establishing themselves in the county. This led me that small “niche” companies do well here, along with component technology companies and food processing companies because they are not affected by pressure. An excellent example of this would be Starbucks. Starbucks is a global chain with three bean-processing plants in York County along with one coffee. Mr. Dempwolf is the owner of his own small coffee shop, Sparky & Clark’s. He’s been in business for over four years and has not felt pressured by Starbucks because of his shop and the type of people that live in the county.
The city of York is obviously growing with all of its global ties. But, it is important to remember that York has a past that is very important to the history of the United States. York City, named for York, England, served as the very first capital of the United States and was the birthplace of the Articles of Confederation. It was in York that the first National Day of Thanksgiving was proclaimed and the French Treaty of Alliance was signed. All of this happened in the nine months that York, PA served as our nation's capital.