

Evers considering renegotiating Foxconn contract

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Gov. Tony Evers says it's "unrealistic" to think Foxconn will create the 13,000 jobs it had pledged given the company's plans to scale back the original project.

He also said he's looking to potentially revise the company's contract with the state, saying the current document "deals with a situation that no longer exists."

"Clearly the deal that was struck is no longer in play, and so we will be working with individuals of Foxconn and of course with WEDC to figure out how a new set of parameters should be negotiated," the gov told reporters in his Capitol office yesterday.

Evers added it's "premature" to say what changes to the contract could be on the table but said the state needs to examine the contract "and see if it needs to be downsized as a result."

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When the Foxconn project was first unveiled, the company announced plans for large screen production at what's known as a Gen 10 facility as part of a \$10 billion investment with plans to hire up to 13,000 people.

But it then scaled back to a Gen 6 fabrication facility — a commitment it reaffirmed last month amidst media reports suggesting the Racine County facility could become more of a research and development hub with packing and assembly functions.

The company also failed to create enough jobs in 2018 to qualify for the first round of tax credits in the nearly \$3 billion package the Walker administration negotiated with the Taiwanese manufacturer.

Wisconsin Economic Development Corporation Secretary and CEO Mark Hogan in a statement said he and Administration Secretary Joel Brennan have had “ongoing discussions” with the company that “include consideration of the effect the company’s evolving plans may have on WEDC’s contract and our steadfast commitment to protect the taxpayers of Wisconsin.”

“I fully expect these conversations to continue as the construction of Foxconn’s manufacturing campus ramps up over the next several months,” he said.

Senate Majority Leader Scott Fitzgerald and Assembly Speaker Robin Vos raised concerns about Evers’ comments.

Fitzgerald, R-Juneau, accused the gov of wanting to “undermine the Wisconsin Economic Development Corporation from day one.”

“If the state is willing to renege on its commitment to Foxconn and open up a contract without agreement by both parties, then what guarantee can Wisconsin make to any other company that wants to expand here?” Fitzgerald asked.

Vos, R-Rochester, struck a similar tone, saying he’s been concerned that Evers would try to undermine the Foxconn contract.

“Luckily, WEDC negotiated an ironclad contract with expectations from both sides,” Vos said. “As Foxconn works to create 13,000 jobs in Wisconsin, I’m open to hearing if any flexibility is needed to achieve that goal, which I hope is the intent of Governor Evers.”

A Vos spokeswoman didn’t immediately respond to a request for comment on what the speaker meant by flexibilities for Foxconn.

Assembly Minority Leader Gordon Hintz, D-Oshkosh, said Fitzgerald and Vos’ comments suggest they are trying to deflect blame for the “egg on their face” for Foxconn so far failing to live up to the promises it originally made the state. Hintz, a member of the WEDC Board, said Evers’ comments were a sign he was trying to bring transparency and accountability to the project.

If Foxconn is no longer going to produce the giant LCD screens it once envisioned, Hintz said the state should re-examine, for example, the approval it gave to Racine to divert an average of 7 million gallons of water a day. Of that, 5.8 million gallons would be used by Foxconn under the application.

“There are no 13,000 jobs. There are no \$10 billion of investment,” Hintz said. “The reality is we don’t have an idea what, if anything, is going to happen.”

Foxconn says Terry Gou’s potential run for Taiwan president wouldn’t impact his plans to stay on as chairman or affect the operations of the company.

The company’s statement comes as media outlets reported Gou is planning to run for president after he told reporters in Taipei he’ll be seeking the Kuomintang party’s nomination next year.

“I will participate in the KMT primary,” Gou was quoted as saying in Bloomberg. “If I win I will run in 2020 on behalf of the KMT.”

But the company said the reporting “misinterpreted Mr. Gou’s actual remarks.”

“Mr. Gou stated he will run for the KMT’s nomination for President if the primary process – which is still being determined by party leadership – is open, transparent, and grounded,” the company said. “When and if this determination is made, Mr. Gou will run in the KMT’s primary to seek for the party nomination for President.”

The statement added the company’s operations “remain unchanged.”

Evers this afternoon said he doesn’t expect Gou running for president would impact the company’s deal with the state.

“I think we’re at a point now where we are relatively confident that the original footprint of that project is going to be much smaller, but it seems to be a footprint that everybody agrees is likely to happen,” he said.

The response marks the latest example of the Taiwanese tech company refuting media reports that quote Gou directly. Foxconn earlier this week disputed a report from Reuters that said Gou plans to step down in the coming months but still be involved in the “major direction” of the company.

But the company at the time said Gou is planning to withdraw from daily operations after having developed and mentored a “new generation of talent to carry on Foxconn’s mission.”

Referencing the Reuters report, the company today reiterated its statement from Monday saying Gou “will continue to provide strategic direction and guidance.”

Changes to Gou's role at Foxconn could impact Wisconsin, as he is personally on the hook for 25 percent of the clawback payments the company would have to make if its deal with the state falls through.

See Bloomberg's coverage:

<https://bloom.bg/2DhH8a9>