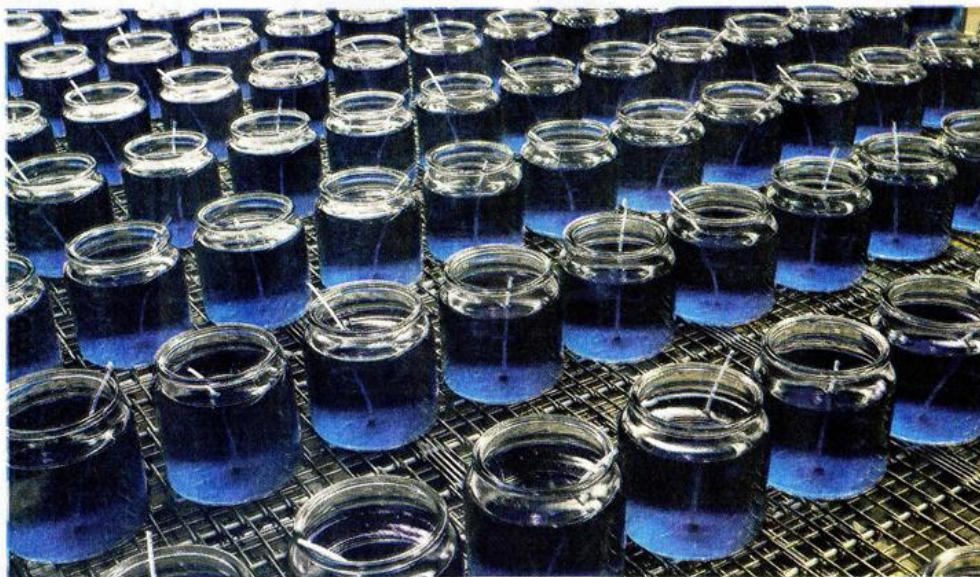


Maryland Business

& COMICS

THE BALTIMORE SUN | TUESDAY, JUNE 28, 2011



JED KIRSCHBAUM/BALTIMORE SUN PHOTO

Wicks stick out in hot wax at Chesapeake Bay Candle's new plant in Glen Burnie, which is to have its formal opening today. The plant, the company's first in the United States, is expected to employ as many as 100 people eventually.

Candle firm brings some work home

Chesapeake Bay Candle one of several firms returning manufacturing to U.S.

By HANAH CHO
The Baltimore Sun

It's called Chesapeake Bay Candle. But for 17 years, all the products in the signature line of Annapolis-born and Rockville-based Pacific Trade International were made by cheaper labor in Asia.

Today, the brand celebrates a sort of homecoming: the official opening of a new plant in Glen Burnie, where a workforce projected to grow to 100 will make the candles the company sells at Target, Kohl's and other retailers.

Pacific Trade International is one of a small but growing number of U.S. manufacturers that are bringing production back from overseas.

As the rising cost of doing business in China and other developing nations reduces incentives to make goods far from designers and sales networks, analysts see a renaissance in domestic manufacturing.

"It's good for the United States," said Harold Sirkin, lead author of a recent Boston Consulting Group study that looked at China's rising labor costs to predict growth in stateside production during the next five years.

"That means more manufacturing jobs in the U.S."

Of course, China will remain a major manufacturing center. Sirkin said the move makes most sense for companies that make products sold in the United States.

He cited several firms that are shifting at least some manufacturing back to the United States: heavy equipment manufacturer Caterpillar Inc., automated teller machine producer NCR Corp. and toymaker Wham-O.

Some Maryland firms are considering a similar move, state officials say.

Josh Barnes, vice president of Harbor Designs and Manufacturing in Baltimore, said his firm is trying to win a contract to make golf putters for a well-known lacrosse stick company that See **CANDLES**, page 4



JED KIRSCHBAUM/BALTIMORE SUN PHOTO

Mel Xu started Pacific Trade International and its Chesapeake Bay Candle brand with her husband, David Wang, in their Annapolis basement in 1994.

Candle firm's return to U.S. part of a trend

CANDLES, From page 1

seeks to produce them in the United States.

"They're looking to have the 'Made in the USA' name on it and it's proving to be more cost-effective," Barnes said.

If the so-called onshoring movement takes hold in Maryland, it would be good news for a sector that has been shedding jobs for more than a decade. In May, 112,900 people were working in manufacturing in the state, down more than 2,000 jobs from the previous year, according to federal data.

Michael Galiazzo, executive director at the Regional Manufacturing Institute, a trade association, said he has yet to see a flood of manufacturing jobs relocating here.

States with flexible work rules, like South Carolina and Mississippi, are offering incentives to entice companies to repatriate their manufacturing operations.

While Maryland does not offer incentives specifically to lure manufacturers back to the state, it does offer job-creation tax credits, low-interest loans and other breaks to help companies do business here, state economic development officials said.

Gallazzo said Maryland could take advantage of its existing manufacturing base and access to research universities and federal laboratories to attract companies.

It wasn't homesickness alone that brought Pacific Trade International back to Anne Arundel County.

Mei Xu, who started the company and its signature Chesapeake Bay Candle brand with her husband, David Wang, in the basement of their Annapolis home in 1994, said the Glen Burnie plant would help the company respond to retail clients more rapidly and to increase its customer base, especially of mom-and-pop stores that

want to sell locally made products.

"We realized that we were not competing well against our domestic competitors," Xu said. "They're responding to the market needs much faster."

Economics also played a role. Since the company began planning for a domestic plant three years ago, Xu said, its labor costs in China and Vietnam have gone up nearly 19 percent. The price of wax, meanwhile, rose 83 percent — a huge increase for a material that represents the No. 1 cost in candle production.

Xu said her company's move could serve as an example to others.

"Opening a factory here now not only means being able to bring our design and sales team closer to production, but it also makes it possible for other manufacturers to see how viable it is to produce in the USA," she said.

Pacific Trade International reported worldwide sales of \$84 million last year, up from \$65 million in 2005. Xu said the company's three plants in China and Vietnam will continue to serve Asian and European markets.

Company officials briefly considered opening a plant in California before choosing Glen Burnie.

"We're called Chesapeake Bay Candle," Xu said. "It's wrong to start making it in San Francisco."

Pacific Trade International did not receive any financial incentive from Anne Arundel County, but the company is entitled to an existing tax credit for job creation.

"Maryland ... is not known as a big manufacturing state any longer, but the fact is manufacturing occupies an important



JED KIRSCHBAUM/BALTIMORE SUN PHOTO

With their wicks centered properly by machines, candle containers collect on a turning tray as Chesapeake Bay Candle's new plant.

segment of our business makeup and our employment makeup," said Robert Hannon, president and chief executive officer of the Anne Arundel County Economic Development Corp.

Building the new plant was not without problems, Xu said. Pacific Trade International budgeted \$2.5 million for the plant, but the final tab was closer to \$3.5 million.

Production began a few weeks ago at the plant, which now employs 25 people. The company expects to have up to 100 workers

by next year.

Xu said she is pleased to see the 125,000-square-foot plant humming with activity. At capacity, she said, it will be able to produce up to 15,000 jar candles a day.

The company also hopes to employ customer service staff at the plant and create a retail outlet there, Xu said.

"We hope business continues and customers respond and the word of Chesapeake spreads," she said.
hanah.cho@baltsun.com