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Manufacturing jobs aren't coming back, outsourcing is more attractive, analysts say. The hope right now is to keep the jobs that are here from leaving.



what matters.



Mike Bowen, executive vice president of Prestige Ameritech, poses for a photograph at the manufacturing plant in North Richland Hills, Texas on Tuesday, August 2, 2017. The company is the largest domestic manufacturer of surgical masks and respirators in America. (Rose Baca/The Dallas Morning News) (Rose Baca / Staff Photographer)

By [Sabriya Rice](#)
10:15 AM on Aug 14, 2017



As he walked down a seemingly endless series of unlit hallways in the 220,000-square-foot Prestige Ameritech factory in Tarrant County, executive vice president Mike Bowen was openly bitter.



A surgical ear loop mask photographed at the Prestige Ameritech manufacturing plant in North Richland Hills. (Rose Baca / Staff Photographer)

Bowen's company makes surgical masks that shield the faces of clinicians and patients from the spread of viruses and other infectious diseases.

He said he has tried to keep the "**Made in USA**" label on all of his products.

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For years he has been vocal about the dwindling presence of American companies in this once thriving local industry.

But now he sees the effort as "a waste of time."

What sent him over the edge most recently was that just days after the White House touted "**Made in America Week**," a July event to spotlight American-made goods, the government awarded contracts for surgical masks worth more than \$1 million to a supplier that does the bulk of its production south of the border.

"If the government doesn't even buy American, who will?" Bowen asked.

Selling 'Buy American'

For many in the manufacturing sector, the Trump administration renewed a disheartened spirit. During his **inauguration speech**, the president talked about changing policies that left millions of American workers jobless as "rusted-out factories scattered like tombstones across the landscape of our nation."



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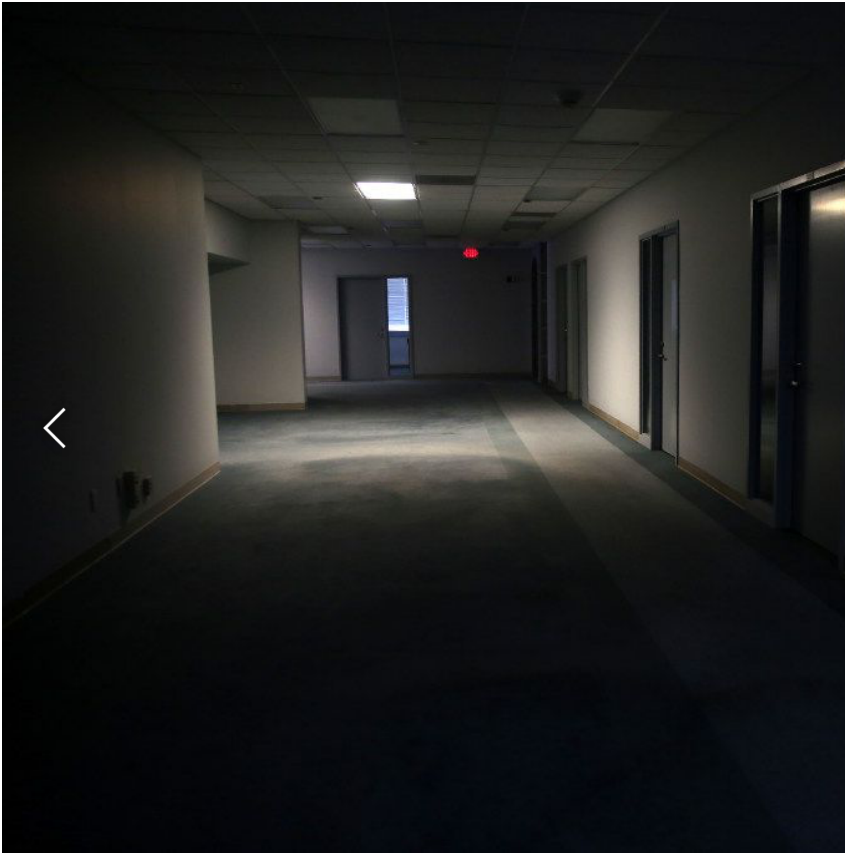


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Those messages resonated with Bowen, whose 5-acre factory in North Richland Hills currently employs only about 100 people. “It’s like a 5-year -old in daddy’s suit,”

he said as he
walked a hallway
of empty offices
that he's
nicknamed "hall of
death." Dozens of
dismantled
cubicles form a
mountain of trash
in back of the
facility.

"Every one of those represents somebody who used to have a job." It was about a five-minute walk before the slow drum of machinery could be heard and the first sign of workers spotted.

Like many, Bowen was excited about the resurgence of "Buy American." He applauded as trade leaders promised to bring factory jobs back from abroad, foster domestic growth and improve national security.

In April, the president signed a "Buy American and Hire American" **executive order** that aimed to help stimulate the economy, create jobs and support American manufacturing and defense bases.

But Bowen is now joining the ranks of skeptics who are not optimistic about the reality of the approach. A look at the medical device and supply industry gives one indication as to why there is hesitation.

Outsourcing more attractive

About 5 percent of the surgical masks used by health care providers in this country are made in America, down from about 20 percent a few decades ago, according to Robin Robinson, former head of the Biomedical Advanced Research and Development Authority. That federal agency develops and stockpiles products like drugs,

vaccines and protective gear, items seen as priorities for national security.

Small companies like Prestige Ameritech say they are routinely shut out of sales to hospitals and health systems, as large competitors secure the exclusive contracts with purchasing groups.

Analysts say that bolsters competition, but it also makes outsourcing more attractive, despite concerns about product quality and regulatory compliance.

Imports to the United States from emerging markets like China, India and Eastern Europe are anticipated to increase at an annualized rate of 2.2 percent, faster than the rate of national exports, according to an [April report from IBISWorld](#), a California-based market research company.

The value on medical device imports to the U.S. is expected to reach \$16.5 billion by 2022, compared to \$12.1 billion for products being sent abroad.

"We're not seeing jobs move back in. The hope right now is to keep the jobs that are here from leaving."

Existing regulation and downstream pressures are not likely to reverse that trend for any part of the manufacturing sector, said IBISWorld analyst Jack Curran.

"We're not seeing jobs move back in. The hope right now is

to keep the jobs that are here from leaving,” he said.

A threat to national security?

As the value of the dollar goes up, so does the cost of products made in the U.S., Curran said. Those increases are factored into the purchasing patterns of large corporations, such as health care providers.

Texas Health Resources, an Arlington-based hospital chain, is a longtime buyer of of Prestige Ameritech products, purchasing more than 300,000 masks a year, each for “less than the price of a gumball,” according to Bowen.

But Texas Health spokesman, Mark Riordan, notes that the system must rely on a number of vendors, including from companies that make them abroad.

“The most important thing for us is to maintain the integrity of our supply chain,” Riordan said. “It’s got to have the quality, the price and the availability.”

The difference in cost between a local and foreign-made surgical mask can amount to pennies on the dollar. “But when you’re talking about millions of units, it does add up,” said Robinson, who led BARDA from 2004 to 2016.

The potential downside is that access to imported supplies can be compromised during emergencies, when other nations work to secure the safety of their own citizens first. Too often that is when domestic companies get a major boost, Robinson explained.

That being said, local companies could also be compromised in a major event, added Timothy Bowers, a spokesman for the Association for Professionals in Infection Control and Epidemiology.

“If you’re relying on one stream of intake, then clearly that’s a huge risk if anything were to happen.”

Near bankruptcy after the boom

But small businesses may cease to exist as an option without a consistent revenue stream, worried Bowen, who most recently lost bids to supply his **masks to the military** and veteran's hospitals.

Precept Medical Products, the North Carolina-based company that won the bid, did not respond to a request for comment. But the masks they create are made in Mexico, according to the Defense Logistics Agency.

The agency defended the decision. It boiled down to which company had the best product to meet the military's needs and help them to be "good stewards of the taxpayers' dollars."

"This contract saves the military health care community more than \$30,000 per year for surgical masks and more than \$75,000 per year for procedural masks," the statement said.

The agency said three companies, all headquartered in the United States, put in bids.

Bowen admits his prices are higher, the trade-off he makes for staying local. But he says he's not interested in being “backup guy” again.



Saeng Phanvilay packages surgical masks at the Prestige Ameritech manufacturing plant in North Richland Hills. The company is the largest domestic manufacturer of surgical masks and respirators in America. (Rose Baca / Staff Photographer)

When fears of swine flu peaked in 2009, surgical masks became “the most recognizable symbol” of the pandemic and they were “rolling off the production lines” in North Texas, news reports said.

At the time, Prestige Ameritech was the only company to manufacture them on U.S. soil. The number of staff at the factory reached 250, and Bowen thought he might be able to bring 400 additional jobs to Texas.

It was the biggest boom in a long time for the factory, once owned by Technol Medical Products, a company founded in 1976 whose revenue surpassed \$160 million in the early 1990s.

At Technol's peak, the factory employed more than 1,100 people. It was sold to Irving-based Kimberly-Clark Corp. in 1997 for \$400 million, and soon after staff was slashed. The facility was left vacant around 2003.

It remained that way until 2009 when Prestige Ameritech — founded in 2006 — moved in just as pandemic fears sent the nation scrambling for a domestic supply of protective face masks.

The boom was short lived. When fears subsided, “They all

went back to foreign suppliers, and we nearly went bankrupt,” Bowen said. In 2012, the company took out a million dollar loan.

"Create American jobs, buy American ... it's hot air. You can't even get your own administration to do it."

Bowen wouldn't share how many regular clients he has but insisted “it's not very many.” He noted a handful besides Texas Health, including Cook Children's in Fort Worth and MD Anderson Cancer Center in Houston.

Made in Texas

The company is diversifying its portfolio. It recently sought federal approval to market a surgical mask with a clear area around the mouth to make it easier for hearing impaired patients to read the doctor's lips. It is also seeking patents on direct-to-consumer products and has joined a handful of other domestic mask makers in an alliance called the Secure Mask Supply Association.



Mike Bowen of Prestige Ameritech shows off a label on one of the medical products the factory sells. (Prestige Ameritech)

Many small manufacturers — in trying to avoid mergers or go abroad — are entering niche markets and narrowing to a few specialized medical products, the IBISWorld report said.

When asked if he'd consider taking his business abroad, Bowen sighed, and said "not seriously."

But was serious about expressing disappointment in what he sees as a broken promise from the person he voted for.

"Create American jobs, buy American ... it's hot air," he

said. "You can't even get your own administration to do it."

So the company has chosen to replace the label on a handful of its products to highlight that they are "Made in Texas" instead.

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****This story was updated at on Aug. 14 to reflect the correct title for Mark Riordan of Texas Health, listed incorrectly as chief financial officer in a previous version.***



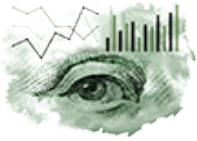
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