

Sunday Business



A TROPICAL TAX HAVEN | 4D

Scores of blue chip companies own subsidiaries in the Cayman Islands

INDEPENDENCE DAY FUN | COMING MONDAY

Your guide to staying out of fireworks trouble with police and doctors

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SUNDAY, JUNE 27, 2004

SECTION D

THE RUSH OVERSEAS | There go our computer jobs

An Observer analysis estimates that 124,000 white-collar jobs in N.C. and S.C. could vanish by 2015 because of outsourcing abroad



T. ORTEGA GAINES - STAFF PHOTO

EYE ON CHARLOTTE'S IT | Bill Jones, head of a 750-member Charlotte programmers group, hears from IT workers worried about job losses. They say offshoring is eroding job availability. Jones, self-employed, says his business has held up but companies are paying less.

Billions in salaries could flee Carolinas

BY STELLA M. HOPKINS AND TED MELLNIK Staff Writers

The Carolinas, which have hemorrhaged textile jobs, could be facing even more costly losses as white-collar jobs move to India and other low-wage nations.

From 2000 through 2015, the Carolinas could lose 124,000 jobs, and more than \$5 billion in wages, according to an Observer analysis of the most detailed offshoring job-loss estimate. That's almost as many jobs as were lost in the states' textile industry in the past decade. And the office jobs at risk often pay more, so their loss would be a tougher blow to the Carolinas economy.

More Coverage

1A | India's outsourcing industry is a growth machine. Online | To check offshoring's potential job drain in other states, see www.charlotte.com/business

Offshoring, or foreign outsourcing, is the newest front in the global wage battle that has long siphoned U.S. factory jobs. In theory, any work can be done time zones away - by lower-paid workers - if it doesn't require face-to-face interaction and can be shipped via the Internet or a phone line.

The move of white-collar work abroad became a hot debate as the presidential campaign focused attention on job losses and has remained controversial even as the economy started generating jobs. In the only comprehensive job-loss estimate, Forrester Research Inc. identified 175 job descriptions, em-

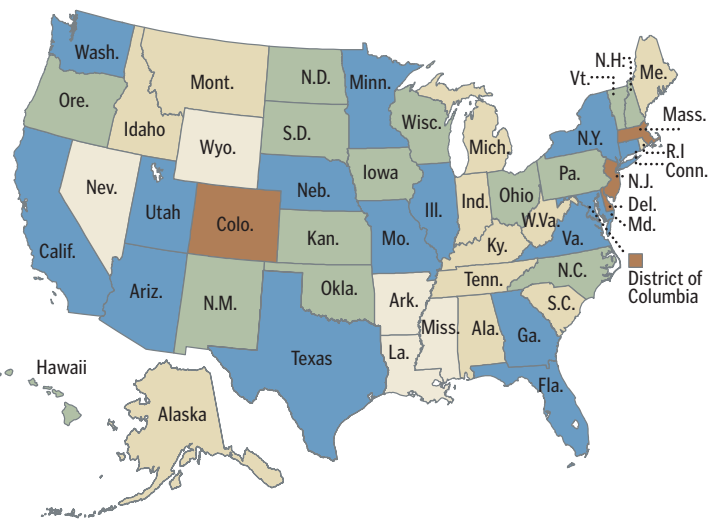
SEE OVERSEAS | 5D

Examining Offshoring's Potential Job Drain

A national study estimates the nation will lose 3.4 million jobs from 2000 through 2015 to foreign outsourcing. The Observer broke down that data by state and region. North Carolina may lose 87,000 jobs, or 2.3 percent of its work force. South Carolina may face 37,000 lost jobs, or 2.1 percent.

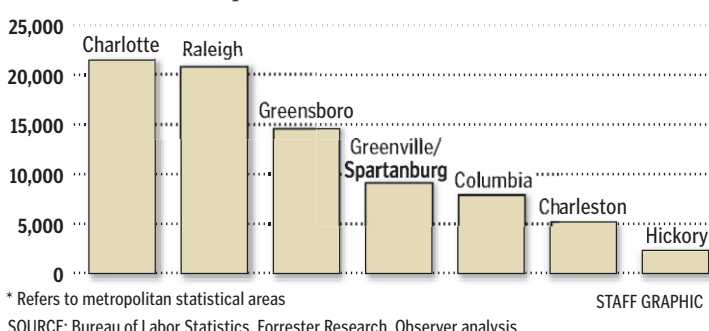
Percentage of jobs, by state, estimated to be at risk:

1.7-2% 2.1-2.2% 2.3-2.5% 2.6-3% 3.1-3.8%



When it Comes to Metro Areas...

The Charlotte area stands to lose the most jobs in the Carolinas. Here are estimated offshoring job losses by 2015 in the seven most at risk Carolinas metropolitan areas*:



* Refers to metropolitan statistical areas SOURCE: Bureau of Labor Statistics, Forrester Research, Observer analysis STAFF GRAPHIC

Project aims to keep artists in NoDa

Affordable studio space was dwindling

Actors, dancers and artists gave rise to NoDa more than 30 years ago by reclaiming old mill houses and blighted commercial buildings

DEVELOPMENT



Doug Smith

But the more successful they were in revitalizing the former North Charlotte mill village, the more expensive it became to stay.

Now, economic forces are pushing artists and performers from the arts district toward the gritty industrial fringe of NoDa.

But that actually could become a positive, urban planners say, as blighted gaps fill between NoDa and uptown along the North Davidson Street corridor.

Studies have been commissioned and ideas are percolating on how to revitalize the area roughly paralleling North Davidson between 16th and 36th streets.



RENDERING COURTESY OF URBANA

SEE SMITH | 6D

Developer Dorne Pentes plans to build these four studios for artists seeking affordable space on the fringe of NoDa.

UNION PROPOSES COST-CUTTING MEASURES

US Airways pilots prepared to take pay cuts

Airline calls discussion a 'positive step'

BY TOM BELDEN Knight Ridder

US Airways pilots are willing to take 12.5 percent pay cuts and fly about 10 percent more hours a month for at least four years as their part of a cost-cutting plan designed to help the airline survive, a union official says.

Air Line Pilots Association spokesman Jack Stephan described the union's proposal as "a huge step" toward US Airways' goal of overhauling its operations so that its costs are closer to those of low-fare carriers such as Southwest Airlines and AirTran Airways.

"We're talking real dollars and cents here," Stephan said. "We believe we can beat the low-cost carriers at their own game."

"We're talking real dollars and cents here. We believe we can beat the low-cost carriers at their own game."

JACK STEPHAN, AIR LINE PILOTS ASSOCIATION SPOKESMAN

quested from the union. But having the union's input in the negotiations was "a very positive step," spokesman David Castelveter said.

"The sheer fact that the pilots are sitting down and discussing costs is a great step," Castelveter said. "It's a clear sign that we share the same goal, and that's the survival of the company."

Airline analysts said it was still too early in the labor-negotiating process to know whether the pilots' proposal would be enough to save US Airways.

The airline, which has a hub in Charlotte, has said it must reduce its annual operating costs by about \$1.5 billion, with about \$800 million of that coming from its 28,000 employees.

In this round of negotiations, the airline has a goal of saving \$295 million a year in pilot costs through changes in work rules or by cutting wages and benefits. Pilots at US Airways and other older major airlines are paid only for the hours they actually fly planes, which averages about 50 to 60 hours a month. A handful of US Airways senior

SEE US AIRWAYS | 3D



The Insider DON HUDSON

Johnson runs his team right

If you ever doubted the business acumen of Charlotte Bobcats owner Bob Johnson, don't. The basketball team may not be any good for years, but the man knows how to run a shop.

There were two sure things in this draft, Dwight Howard and Emeka Okafor, and the Bobcats - slated to pick No. 4 - somehow went into their first rookie draft guaranteed one of them by trading up to No. 2.



Johnson

"It was like the ace of diamonds, or the ace of clubs," Johnson said Thursday night, sipping a drink at the Crown Club, applauding the work of team president Ed Tapscott and coach Bernie Bickerstaff. "Those guys know they have to be strategically aggressive, and they have done it."

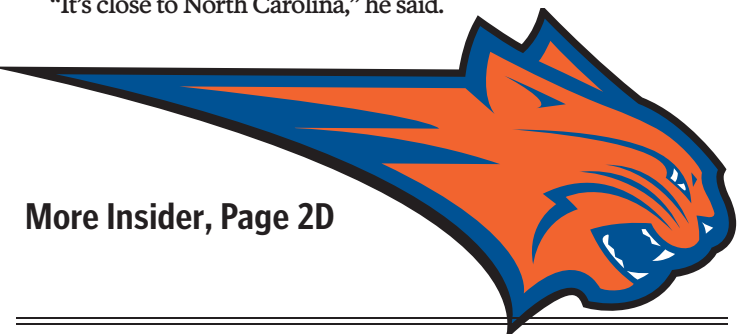
That the Bobcats came out of the draft with Okafor shows what kind of foundation Johnson has built.

Further, Johnson may prove to be as savvy as Ted Turner when it comes to cable television. He plans to promote every event he puts in his, uh, our arena on Carolinas Sports Entertainment Television (C-SET), the regional sports network he's starting.

"It's a 24-hour barker channel," Johnson said, using the industry buzzword. "... This gives me a way to constantly promote my team and regional sports."

As for his interest in major-league baseball, Johnson said he's waiting to see where the Montreal Expos land before he decides whether to bid or pass. He's betting on Washington, his home base, but says if the team ends up in Norfolk, Va., he might still be interested in buying in and adding more programming for C-SET.

"It's close to North Carolina," he said.



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