Jindal, Moret work on iron mill

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Louisiana's bid to bring a multibillion-dollar steel mill to St. James Parish remains a strong and competitive one, Gov. Bobby Jindal said Wednesday night after a daylong South Carolina trip to court Nucor Corp., the nation's biggest steelmaker.

If successful, Louisiana would land what Jindal described as the largest single private sector investment in the state's history, up to $4 billion in three phases.

"I'm pleased to say we made great progress in our discussion," the governor said after landing at Baton Rouge's Metro Airport late Wednesday. "I'm optimistic. This is a decision that will come in the next few months, certainly by the end of the year."

His negotiations with Nucor executives Wednesday included a tour of a Charleston, S.C.-area steel mill that employs 900 people and has attracted a dozen steel-related manufacturers to that coastal city.

Nucor, which commissioned an economic impact study by Baton Rouge economist Loren Scott, projects hiring 925 people at a 4,000-acre Convent site in St. James Parish if three phases are built.

In the first phase, the company would invest $2.1 billion in a pig iron facility that manufactures raw materials for the steelmaking process. Nucor would use the facility to supply seven of its mini-steel mills in the South — including mills in Memphis, Tenn., Jackson, Miss., and the Charleston site the governor visited Wednesday. Nucor needs a new facility because foreign imports of scrap steel can't keep up with demand.

"This is a massive facility, but they need this product right now," said Jindal, who was joined on the trip by economic development Secretary Stephen Moret.

The new facility would give the company the ability to generate 3 million tons of pig iron annually, rising to 6 million tons a year by 2012 if it completes a second phase. Should Nucor add a third phase to manufacture finished steel, the investment in Louisiana would approach $4 billion.

At least as important as the size of the investment is the quality of the company, said Moret, whose economic development department is working on details with Nucor of a cooperative-endeavor agreement — a contract that would lay out state incentives in a single comprehensive package for the three phases of construction.

“This is one of the most impressive companies I’ve ever seen,” Moret said. “Not just the technology, but the people, the esprit de corps. This is a first-class organization.”

In addition to executives, Jindal and Moret met with plant workers, including one who moved from working as a retail clerk to earning more than $100,000 annually, Moret said. Nucor’s chief executive officer, Dan DiMicco, flew to Baton Rouge several weeks ago to meet with Jindal and invited to governor to pay a return visit — both signs that Louisiana’s offer continues to remain attractive, Jindal said.

Fourteen months ago, Louisiana lost a bid for a $3.7 billion ThyssenKrupp AG steel mill at the same St. James Parish site, where most of the acreage is owned by Entergy Corp.

Moret said Nucor represents a better fit for Louisiana than the ThyssenKrupp project. ThyssenKrupp would have required an estimated 2,700 jobs, a considerable recruiting challenge in a rural parish. Nucor’s high-end potential of 900 jobs would be met more easily by regional and state workforce officials, and the Nucor jobs would average about $75,000 a year — $20,000 more a year than the average ThyssenKrupp pay would have been.

Nucor will generate its own electricity, saving the company money from having to buy power off the public transmission grid and saving Louisiana several hundred million dollars compared with the electric transmission lines it would have paid for in the ThyssenKrupp project.

Moret said Louisiana’s return on investment would be better with Nucor, hinting at the possibility the state won’t require the huge incentives — more than $1.8 billion — that were offered the German steelmaker in 2007.

In May, Nucor said the Convent site on the Mississippi River is its sole U.S. finalist for the project, though overseas locations are being considered. Nucor hasn’t identified the international competition, but the chief rival may be Brazil, where large iron ore reserves and a rapidly growing industrial economy make the South American nation an attractive option.

Moret said Louisiana would have a distinct advantage in transportation delivery times and costs compared to overseas locations.

Human resources will be a big part of making the project work in Louisiana. The Charleston steel mill Jindal toured Wednesday is supported by a labor pool of 290,000 people in three South Carolina counties.

In Louisiana, the seven parishes closest to Convent supply slightly less than 200,000 people to the labor force. Adding East Baton Rouge and Jefferson parishes at either end of the regional work force — and banking on some of those people being willing to drive an hour for $75,000-a-year jobs — boosts the nine-parish labor pool to 621,000 people.

Former Gov. Kathleen Blanco visited the same Nucor mill in South Carolina in September, several months after the ThyssenKrupp project went to Mobile, Ala., and months before the Nucor project became public earlier this year.

When Nucor filed permit applications with the state Department of Environmental Quality in May, the company projected beginning building as soon as August and opening the first phase in 2010. The front end of that schedule likely will shift back based on Jindal’s meetings with Nucor executives

Wednesday.

Jindal said the project itself is as sound as ever and won't be affected by short-term economic downturns the U.S. may experience.

"Our goal is not to get second place," he said. "Our goal is to win this competition."

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