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## **Welspun to add 230 jobs, invest \$30 million Growth in LR 'swift,' 'steady,' chairman says May 3, 2010**

Welspun Corp. Ltd. plans to add 230 jobs and invest \$30 million in its Little Rock steel-pipe manufacturing facility during the next three years, the company announced Monday.

Rajesh Chokhani, vice president at Welspun in Little Rock, said the plant will hire 100 employees by the end of the year.

B.K. Goenka, chairman and managing director of Bombay-based Welspun Group, said at an event announcing the expansion that "our growth has been swift and steady, and we expect more. By any measure, this plant has been a great success."

The plant, located at the Port of Little Rock, employs more than 400 people and is ramping up to a 24-hour, seven-day manufacturing schedule.

When it opened last spring, the Little Rock plant had 300 employees. At the time, Goenka said there were plans to increase the work force to 350 within three months. Welspun initially invested \$150 million in the plant.

The new jobs will include supervisory engineering positions, skilled equipment operators, and electrical and mechanical experts. Wages will be about \$17 an hour on average, starting at \$12, Chokhani said. Pay for some salaried positions will be "negotiable."

Welspun's Little Rock facility is the company's first pipe manufacturing plant in North America. The plant manufactures pipes used in oil and natural gas pipelines, including a pipeline that transports natural gas from the Fayetteville Shale formation in northern Arkansas.

In an interview last month, Senior Vice President Richard Janicki said that Welspun had considered scaling back its plans because of the recession but ultimately decided to stay the course.

"It was a gamble, a huge gamble by our owner. ... We could have laid people off, we could have stopped production, and construction really," he said. The strategy has paid off, he said, and Welspun has gained market share.

The plant has shipped about 1,200 miles of pipe since it opened last year and is currently building pipes for El Paso Corp.'s Ruby pipeline, and beginning work for the TransCanada pipeline.

Welspun's recently appointed chief executive, Lauri Malkki, said Welspun is now poised to be the world's largest producer of large-diameter metal pipes.

Gov. Mike Beebe, U.S. Sen. Mark Pryor, Rep. Vic Snyder and Little Rock Mayor Mark Stodola attended the announcement event, where they were greeted with garlands of brightly colored flowers and a dab of red paste on their foreheads, in a nod to Welspun's headquarters.

The announcement is "proof that Arkansas is a place where manufacturing can be successful," Beebe said. "Another success story, bringing good jobs for Arkansans and their families, America making stuff again."

The number of manufacturing jobs in the state has dropped from 201,900 in 2005 to 164,100 in 2009.

The manufacturing industry nationwide expanded in April at its fastest pace in about six years, according to an index created by the Institute for Supply Management released Monday.

Goenka praised Arkansas' leaders for their support for the plant.

"We feel that we are at home - more than incentives, it's like complete local support," Goenka said. "And we never felt like we are out of country, or like we are foreigners here."

For the latest expansion plan, Welspun received a \$2 million commitment from the Governor's Quick Action Closing Fund for infrastructure costs. The company has been offered a sales-tax credit for qualifying construction materials, and a 3.9 percent tax rebate on the payroll for jobs created in the next 10 years.

When the plant was built, the company received a \$3.25 million economic infrastructure grant to help with building costs, as well as several performance-based incentives, including payroll rebate, sales tax refunds, and an income-tax credit based on employment.

Welspun has tapped into local colleges and universities as sources of skilled labor. Last month it announced that it offered 12 paid summer internships and one permanent job to engineering students at the University of Arkansas at Little Rock. It also hired as interns 14 students in a welding class at Pulaski Technical College.

The government's policies on domestic oil and gas production could benefit Welspun. In March, President Barack Obama proposed opening the Atlantic coastline to new offshore oil and natural gas drilling, which would increase demand for pipes like those made by Welspun.

But the explosion of the Deepwater Horizon rig in the Gulf of Mexico may cause the administration to rethink the proposal. Senior White House advisor David Axelrod told ABC's Good Morning America on Friday that no domestic drilling in new areas would go forward until the latest spill and future proposals are reviewed.

In response to questions about the future of offshore drilling and its importance to Welspun, Chokhani said that he is optimistic that the administration will conclude that offshore drilling can be done safely.

"We manufacture quality pipes so these types of incidents don't happen," he said. "Before they pull the trigger ... , there will be more experts advising them ... and they will make the right decision."

If the moratorium on domestic offshore drilling in new areas remains in place, it could affect Welspun's business. Most of Welspun's operations focus on onshore pipelines, Chokhani said.

"Definitely it would have to a certain extent a negative impact, as far as offshore business is concerned," he said.

In a boon for U.S. steel pipe manufacturing, the U.S. Trade Commission voted Monday to impose duties of up to 99 percent on Chinese-made steel pipes, according to Bloomberg News. The commission sided with American manufacturers, such as Wheatland Tube Corp., which has an operation in Little Rock, that accused China of dumping low-priced goods on the U.S. market.

The pipes made by Welspun are larger than the Chinese pipes being restricted, Chokhani said, and the ruling probably won't affect Welspun's business.