

## **Chemours' decision puts 330 jobs at risk and adds to concerns that the newborn company will exit Delaware.**



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Chemours decision to shut down its Edge Moor plant puts the jobs of 200 employees and 130 contractors in jeopardy, and could be another sign the company will relocate outside of Delaware.

Edge Moor, Chemours' oldest titanium dioxide production center, will close in September, according to company spokeswoman Janet Smith.

Employees at the facility at 104 Hay Road, will be redeployed wherever possible, depending on where there are opportunities, she said. If an employee cannot be relocated to another Chemours plant, they will be offered severance, Smith said.

The Wilmington-based performance chemicals company, which spun off from DuPont in July, also is shutting down one titanium dioxide production line at its Johnsonville, Tennessee, plant. That shutdown will not result in any job losses, Smith said.

In addition to the Edge Moor employees, Chemours has 920 workers at its DuPont Building headquarters and 20 at its Red Lion facility in Delaware City. It is not clear if any Edge Moor employees could be relocated to the Red Lion plant.

The company's Delaware footprint continues to shrink. Before being spun off from DuPont on July 1, the company laid off 5 to 7 percent of its global workforce, including Delaware employees. The layoffs, combined with Edge Moor's closing, has fanned fears the company will abandon its downtown Wilmington headquarters.

DuPont Edge Moor plant in the 1970s DUPONT CO.

"The writing is on the wall," said John Boyd of the Boyd Co., which advises companies on relocation and site selection.

Chemours is using Wilmington's DuPont Building as a temporary headquarters while it hunts for a permanent one. Sites in northern New Castle County, in Wilmington, as well as spots in Salem County, New Jersey, and Delaware and Chester counties in Pennsylvania are among locations Chemours is said to be considering.

In a June interview with The News Journal, Chemours CEO Mark Vergnano said the company had not made a decision about remaining in Delaware, but said it is looking at sites in surrounding areas to retain key employees.

"We have 1,000 employees who live in the area where we are today," he said. "It makes no sense for us to go far way. We don't want to lose those employees by going somewhere like the West Coast or Southeast."

Boyd said he has seen instances where a company pledges to remain in a certain region before significant relocation.

"Any credible site selection search would include national locations," he said. "But companies refute the idea they are leaving an area because they don't want all of their workers to leave. They can't have key people of their workforce not showing up to work next week."

Smith, the Chemours spokeswoman, emphasized the Edge Moor closing is unrelated to the possibility of a new headquarters.

"We still have not made a decision," she said.

But outside observers say the Edge Moor closure is a likely sign Chemours' future is in another state.

"All of the signs are very ominous for Delaware," said Jim Butkiewicz, chair of the University of Delaware's economics department. "Most companies want to be headquartered near its major operations."

Delaware has offered Chemours a cash-laden package to remain in the state, former Delaware Economic Development Director Alan Levin told The News Journal in June. That offer will compete with a bundle of tax credits offered by New Jersey to lure Chemours to Chambers Works, a 1,455-acre site already owned by the company, just across the Delaware Memorial Bridge in Salem, New Jersey.

It is not known what Pennsylvania has offered Chemours.

Boyd said states such as Texas and Louisiana – both with a high number of energy and chemical companies – could emerge as dark horses to compete with Delaware.

Chemours has not disclosed a timeframe for when a decision will be made. Current DEDO Director Bernice Whaley met with company executives Thursday. She said the executives told her a decision will be reached later this fall.

"We keep talking with them and giving them our schpiel about why it's great to be in Delaware" she said.

Whaley added that Chemours' leadership indicated they have met with Delaware developers regarding a new headquarters, but did not say if it was to discuss redeveloping the DuPont Building or constructing a new office complex.

Butkiewicz said relocating its headquarters could be devastating for Delaware.

"They have a lot of executives who are highly paid," he said. "That adds to the city wage tax and the state income tax and the space it occupies is part of the real estate tax. That is all very important to the fiscal revenue picture for the state."

Whaley said the state is committed to retaining Chemours.

"We want them to maintain their headquarters here, and we will do what we can to keep them here," she said.

Prospects for use of the 115-acre site are murky.

Edge Moor is entirely inside a Coastal Zone conservation area where new heavy industries are banned, and it has operated under an exception to the land use law since 1971.

Department of Natural Resources and Environmental Control program manager Phil Cherry said on Thursday that Chemours could likely transfer its Coastal Zone permit to another titanium dioxide producer if the site continued producing the same commodity. Attempts to develop another type of heavy industry or bulk transfer port on the property would likely run afoul of the ban, however.

Light industries or manufacturing could be considered for the property, provided a new owner meets requirements to include development provisions that more than cancel out any new pollution emissions or waste production.

### **Employees react**

Employees leaving the facility Thursday afternoon said the news was broken to them when the workers on shift were brought outside at about 8:30 a.m.

"You wonder why you are gathering, but you know it's serious," said Matt Quirk, who has worked for six years as a instrument and electrical technician.

The employees were told severance would be available, but said the exact terms were still being decided. They were also told they could apply for other jobs at Chemours' facility in Salem County, New Jersey.

Quirk said he expected what positions are available elsewhere to be highly competitive.

"I've been through this before, but I don't think it has really hit people," said Quirk, who had been laid off once before during his 35 years with DuPont. "It sucks you are losing your job, but I feel bad for the kids here. It is high-paying jobs and I'm not sure Delaware has many left."

Whaley said Chemours will try to reassign employees, but a number of workers will likely be displaced.



Chemours CEO Vergnano reached out to Gov. Jack Markell and the state's Congressional delegation Thursday morning shortly before the release announcing the closure went public, Whaley said. That is roughly the same time a Chemours spokeswoman informed The News Journal of the shutdown.

Whaley said she was told the decision to close the plant was reached at a board meeting earlier this week.

Markell is disappointed for the workers and families impacted by the Chemours announcement, spokeswoman Kelly Bachman said in an email.

"The administration stands ready to provide support to any workers who need assistance and will remain in close contact with Chemours about the advantages of locating other operations in Delaware. Overall, our economy continues to make good progress with job growth that leads the region and we remain focused every day on ways to ensure good employment opportunities exist for every Delaware worker," Bachman said.

Delaware Sen. Margaret Rose Henry, D-Wilmington East, whose district includes Edge Moor, said she was also notified Thursday morning.

"It's a sad day when you lose a major site," she said. "Delaware will be hurting."

State Sen. Greg Lavelle, R-Sharples, said he is concerned to see jobs leave the state, but is hopeful displaced employees will remain with the company.

"I'll take Chemours at their word that they will place these folks in other locations," he said.

### **Reasons for closure**

The move is part of Chemours' restructuring in response to a weak market for titanium dioxide. Sales dropped 18 percent in the second quarter of 2015 compared to the same period last year. The decline in demand also impacted [second-quarter earnings](#) for Chemours, which posted an \$18 million net loss.

The product is used in the paper and paint industries.

"A plant closure is never an easy decision, because of its impact on people who are valued members of our company," said E. Bryan Snell, president of Chemours Titanium Technologies, in a statement. "However, we believe this is the right business decision. Chemours is committed to the TiO<sub>2</sub> market, and these changes position us for growth in the industry."

Chemours earlier this month announced it plans to cut \$350 million in costs by 2017 and review options for its chemical solutions unit. Smith said the closures in Tennessee and Delaware will save the company \$45 million a year.

"The [Edge Moor] plant is not fully utilized," Smith said. "When you have underused capacity that means the cost effectiveness of the plant is not optimal."

Chemours will consolidate its titanium dioxide production at four locations. In addition to the Johnsonville plant, the product also will be made in Mississippi, Mexico and Taiwan.

The Mexico plant opened this year and will begin production in 2016. As recently as 2013, when Edge Moor was part of DuPont, CEO Ellen Kullman said the Mexico plant would not displace Edge Moor.

Kullman said the Altamira, Mexico, facility will produce a titanium dioxide that will be different from the "very unique product" made at Edge Moor.

Smith said the Edge Moor plant will be fully decommissioned in mid-March. Chemours will work with state officials to redevelop the property, but such talks are still in the preliminary stage, she said.

The 115-acre site was purchased by DuPont in 1935, according to the U.S. Environmental Protection Agency. An iron mill on the site also produced girders for the Brooklyn Bridge.

Chemours has 55 manufacturing and lab sites. The company is based in the DuPont Building in downtown Wilmington.