

Chemours seeking \$7.9 million to stay in Wilmington



Scott Goss, The News Journal May 20, 2016



(Photo: KYLE GRANTHAM/THE NEWS JOURNAL)

The Chemours Co. is seeking \$7.9 million in state taxpayer grants for a “headquarters project” in Wilmington – perhaps the clearest sign yet the year-old company is looking to stay in Delaware.

Company officials declined to say Friday whether the grant request means the DuPont spinout is locked into keeping its world headquarters here.

"Chemours has had discussions with three states about our permanent headquarters location, and those discussions have all included potential grants related to economic development," said company spokeswoman Janet Smith. "However, Chemours has not made a decision about our headquarters location at this time."

Chemours is currently based in DuPont's former headquarters at 10th and Market streets, across from Rodney Square, since being spun out July 1. But the company has been considering whether to remain in the city or make a move elsewhere ever since.

Executives have been considering locations in New Castle County, Salem County, New Jersey, and Chester and Delaware counties in Pennsylvania, according to sources familiar with the process.

The company – which produces titanium dioxide, or TiO₂, along with Teflon and sulfuric acid – has said a final decision would be announced before October.

A spokeswoman for the New Jersey Economic Development Authority said Friday that the agency has not received an application for assistance from Chemours. Economic development officials in Pennsylvania could not be reached for comment.

The incentive package being sought by Chemours in Delaware includes a request for a \$7.2 million grant tied to the retention of 900 full-time Delaware jobs, along with a \$695,000 grant associated with capital expenditures.

The request is slated to be heard Monday by the Council on Development Finance, a public body that weighs in on whether the Delaware Economic Development Office (DEDO) should give final approval to corporate incentive packages. The council rarely, if ever, votes down a proposed grant or loan.

But that does not mean Chemours is guaranteed to cash in the proposed deal. DEDO Director Bernice Whaley said the grant funding would be not be allocated until Chemours makes a commitment to remain in Delaware.

"The company still has several items outside of the state assistance package that they need to complete in order to finalize their longterm plans," she said. "We are encouraged by the progress being made and hope that a conclusion is reached soon."

Monday's vote on the proposed incentive package should be viewed as Chemours doing its due diligence, said John Boyd, president of the corporate relocation firm The Boyd Group in Princeton, New Jersey.

"It's a prudent and expected exercise they're undertaking now," he said. "And you should expect they're also looking at other options."

Yet, Chemours also has a "vested interest" in remaining in Delaware, he said, because it would allow the company to maintain its current staff and mitigate any potential severance costs that would accompany a move.

"It's encouraging news, I would think," he said of Monday's vote on Delaware's incentive package.

State officials have been working to entice Chemours to remain in the state for months. In January, Gov. Jack Markell signed the Delaware Competes Act, a measure frequently referred to as "the Chemours bill." Approved two weeks after its introduction in the General Assembly, the legislation reformed the state's corporate income tax structure.

About a month later that bill and taxpayer grants from the state and New Castle County, collectively valued at more than \$17 million, helped Delaware to land what will be the largest agriculture company in the nation – a future spinoff from the proposed DuPont and Dow Chemical Co. merger.

The General Assembly later approved bills to lift the aggregate \$5 million cap on the state's research and development tax credits and ease the corporate tax burden on white-collar jobs with salaries of \$70,000 or more – measures aimed at both DuPont and Chemours.

Wilmington also will be offering Chemours a final incentive package in the coming weeks, said Jeff Flynn, the city's economic development director.

He said it's not yet known whether the state and city deals will be enough to retain Chemours and its roughly 1,100 workers in the state.

"It probably depends on the outcome of Monday's hearing and some other factors," he said. "This is a company with a great future ahead of it and we want to keep them in Wilmington and the state. We're really positive about it."

Flynn said the city's incentive has yet to be finalized but will include a grant from Wilmington's strategic fund and tax abatements.

"The amount will be based on additional jobs they bring to the city, but also an investment in their current location" at 1007 Market St.

New Castle County officials declined Friday to say whether or not they have any pending offer extended to Chemours. Officials with the Delaware Economic Development Office were not immediately available for comment on the company's grant requests.

DEDO's Council on Development Finance is expected to hear Chemours' request at 9 a.m. Monday during its regular monthly meeting at Buena Vista near New Castle.

Chemours this month reported its first profitable quarter since leaving DuPont. Despite flagging sales, the company earned a profit of \$11 million in the first quarter, an 81-percent drop from the \$59 million in profit it generated while still part of DuPont during the first three months of 2015.

For its first six months as a standalone company, Chemours recorded a net loss of \$90 million. The company has blamed its losses on a strong U.S. dollar in overseas markets combined with weak demand for its top products.

The company is seeking to slash \$350 million from its budget through 2017.

Chemours last year laid off 400 employees worldwide, including about 55 in Delaware, and closed its TiO₂ Edge Moor plant in Brandywine Hundred, a move that impacted 200 workers and 150 contractors. The company also sold a plant in Beaumont, Texas, to The Dow Chemical Co. for \$140 million and announced plans to save \$20 million a year by shuttering its Niagara Falls reactive metals plant.

In recent weeks, Chemours has stepped up its efforts by announcing plans to raise its TiO₂'s worldwide price by \$150 per metric ton on May 1, the second price hike since January. That news was followed by an announcement the company has agreed to sell its Clean and Disinfect chemical business to a German company for \$230 million, impacting about 20 Delaware workers.