



BUFFALO NIAGARA SUCCESS STORY

Welded Tube USA

Investment: \$50M Jobs: 121

PROJECT OVERVIEW:

Headquartered in Concord (Toronto), Ontario, Welded Tube is a manufacturer of steel tubing, whose process is comprised of taking flat steel and forming it into round tubing 4½ to 9 inches in diameter, in custom lengths. The tubes are used for well casings and for other purposes at natural gas drilling sites, a growing market as drilling activity has grown rapidly in shale formations in Ohio and Pennsylvania. The company currently employs more than 600 people in North America.

PROJECT CHALLENGE:

The major driver for Welded Tube's expansion in the United States was its goal of increasing US sales by having a "Made in the USA" label. The project has been more than a year in the making, with Invest Buffalo Niagara officials establishing contact with Welded Tube through a lead from Empire State Development's Canadian office.

Access to electricity and low cost hydro-power were key to successfully bringing Welded Tube to the region. Both National Grid and the New York Power Authority played a major role in supplying an abundant amount of power at an affordable rate. A low cost site within close proximity to the Canadian border, available productive workforce, and a strong vendor supply chain were also instrumental in the completion of this project.

PROJECT SOLUTION:

Invest Buffalo Niagara facilitated meetings between the company and our partners; Empire State Development Corporation, Erie County Industrial Development Agency, National Grid, New York Power Authority, the Department of Labor, National Fuel, City of Lackawanna, Erie County, Phillips Lytle and Lumsden McCormick who assisted Welded Tube with: incentives, workforce recruitment, power, site related issues, cross border due diligence, and immigration. With the help of BNE, Welded Tube began its real estate search in an attempt to locate a site that met all of their requirements.

After touring several sites, Welded Tube decided to invest approximately \$48 million on the construction of a new facility on 45 acres of the long dormant Bethlehem Steel site in the Tecumseh Business Park in the City of Lackawanna. This site is also a Brownfield, meaning that the redevelopment or reuse of it may be complicated by the presence of contaminants such as hazardous waste and petroleum. However, the New York State Department of Environmental Conservation Brownfield Cleanup Program provided the company with benefits for the cleanup and redevelopment of the site including liability relief and tax credits.

The site also lacked the necessary infrastructure needed to support the Welded Tube Facility. Erie County committed to investing \$1 million, to build roads and utility corridors. The additional infrastructure was not only necessary for this expansion, but will make the site more attractive to other companies considering locating in the Tecumseh business park.

In addition to the Brownfield tax credits, Welded Tube received incentives through Empire State Development Corporation's Excelsior program, the Erie County Industrial Development Agency, New York Power Authority, and National Grid totaling just over \$27 million dollars.

Welded Tube's \$50 million investment will occur in three phases, and consists of the construction of a 100,000 square foot manufacturing facility that will house a state of the art pipe mill. Future phases of the plan call for construction of a 34,000 square foot hydro testing facility and a 30,000 square foot pipe threading and coupling facility. The project will bring a total of 121 new jobs to Buffalo Niagara with an average salary of \$40,000.



"We see great potential for our product in the US market and a great opportunity to develop that potential right here in the Buffalo Niagara region."

- Robert Pike, Welded Tube Vice President