

U.S. to get first new iron pipe plant in 55 years

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By Verna Gates

BIRMINGHAM, Ala., May 9 (Reuters) - U.S. Pipe, a subsidiary of Mueller Water Products Inc. (MWA.N: [Quote](#), [Profile](#), [Research](#)), said on Wednesday it would build the first new iron pipe plant in the United States in 55 years in central Alabama.

The company said it would spend \$40 million to \$45 million to build the plant in the town of Bessemer, which got its name from a steel-making process but has struggled since the closure of its steel mills in the 1980s.

The plant is scheduled to open in September 2008, defying the U.S. corporate trend to locate manufacturing plants overseas.

The company said materials and supply transportation were its largest expenses, as opposed to labor, which makes the Alabama location more competitive in the U.S. market.

"A highly efficient plant in the United States is the most economic way to supply the domestic market," U.S. Pipe President Ray Torok said in an interview.

The Birmingham-based company makes pipes for municipal drinking water and may soon enter the sewage pipe business.

Torok cited America's crumbling infrastructure as the impetus for increasing the company's U.S. pipe production.

"There is an infrastructure crisis in this country for water and sewer. And water is becoming more and more expensive. Cities can't afford leaking pipes," he said.

Hundred-year-old pipes in Boston and New York had leakage rates as high as 30 percent, he said.

U.S. Pipe is getting \$6.25 million in grants from the state and local governments to build the plant, which is expected to employ 100 full-time workers earning \$30,000-\$50,000 a year.

"This shows that quality jobs and high production are possible in America," Ted vonCannon, president of the Birmingham Metropolitan Development Board, told Reuters.

Alabama supplies 50 percent of all of the pipe made in the United States, according to Alabama Governor Bob Riley.

"We are going to do everything we can to make this project successful," Riley said in an interview.

The state also expects an announcement soon from Germany's ThyssenKrupp (TKAG.DE: [Quote](#), [Profile](#), [Research](#)), which is contemplating locating a \$2.9 billion steel plant in Mobile.

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