

Regular Session, 2014

HOUSE RESOLUTION NO. 203

BY REPRESENTATIVE EDWARDS

A RESOLUTION

To urge and request the secretary of the Louisiana Department of Economic Development to reevaluate the cooperative endeavor agreement with the Russian-based EuroChem.

WHEREAS, on July 10, 2013, Governor Bobby Jindal and EuroChem chief executive officer Dmitry Strezhnev announced that EuroChem committed to build an ammonia and urea production plant in Louisiana to manufacture and distribute fertilizer products in the United States and other markets; and

WHEREAS, to secure the project, the state offered this Russian-based company an incentive package that includes a six million dollar performance-based grant to offset the costs of site infrastructure improvements; and

WHEREAS, in addition, EuroChem is poised to receive the benefit of the Department of Economic Development's FastStart workforce training programs and is expected to utilize Louisiana's Quality Jobs and Industrial Tax Exemption programs, all of which are funded with tax dollars; and

WHEREAS, since the announcement of the six million dollar incentive grant to a Russian-based company, relations between the United States and Russia have become tense due to events in Ukraine; and

WHEREAS, the first three months of 2014 brought a sweeping chain of events to the world political stage: the Ukraine's parliament voted to oust President Viktor Yanukovich; Russian President Vladimir Putin sent troops into Crimea, located in southern Ukraine; and a majority of Crimeans voted to secede from Ukraine and join Russia, an election that the United States does not recognize as legal; and

WHEREAS, following these events, Russian President Putin signed a law which annexed Crimea as a part of Russia, an action that the United States views as an illegal land grab; and

WHEREAS, in late March 2014, the United States targeted sanctions against persons close to Russian President Vladimir Putin over the Ukraine crisis and threatened broad penalties against key sectors of Russia's economy if the country moved deeper into the sovereign nation of Ukraine; and

WHEREAS, in retaliation, Russia issued its own sanctions against a number of individuals in the executive and legislative branches of the United States government, including the chair of the United States Senate Committee on Energy and Natural Resources; and

WHEREAS, the United States Department of the Treasury has cautioned Americans against conducting transactions with Russian firms that may be controlled by an individual who may have sanctions imposed upon him, even if that person does not own a majority stake; and

WHEREAS, Gazprom, the giant energy company which is majority owned by the Russian state, threatened to reduce deliveries of natural gas to Ukraine, a move that if taken could threaten the delivery of natural gas to a number of our European allies; and

WHEREAS, all this at a time when EuroChem, a company that receives funding from Russian state banks, will gain access to our state's much less expensive resources, including natural gas that runs through Louisiana pipelines; and

WHEREAS, in the short amount of time between the announcement of the EuroChem project and today, the world stage has changed dramatically and what once appeared to be an informed, sound investment for the state may end up as a complete loss given current relations between the United States and Russia; and

WHEREAS, even after EuroChem's purchase of two thousand one hundred fifty acres of land from the state, it was announced that the company has not yet selected a final location for the proposed plant; and

WHEREAS, at a time when Russia and the United States are at odds over Russia's position in the Ukraine, the EuroChem project may not result in a positive return on state tax dollars, and may in fact result in a complete loss at a time when our state needs far outnumber our state dollars; and

WHEREAS, it would be prudent to reevaluate the EuroChem project given the company's home base is in Russia and the uncertainties surrounding the project.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana does hereby urge and request that the secretary of the Department of Economic Development reevaluate and explore rescinding the cooperative endeavor agreement with the Russian-based company EuroChem.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the secretary of the Department of Economic Development.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES