

Study shows dramatic effect of mining projects

by Mike Jennings
Editor

HIBBING — If all Minnesota projects related to iron mining and the mining of non-ferrous metals go forward as planned, mining's impact on the state's economy could more than double by 2013.

A report released last week by economists at the University of Minnesota-Duluth spells out the projected expansion of mining from its baseline impact in 2007, when iron mining's economic output reached nearly \$3.2 billion and non-ferrous mining contributed about

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\$400 million. Employment related to those two mining sectors stood at 11,600 in 2007, the report shows.

If all mining projects of both types that are now on the drawing boards become a reality, mining's total economic impact could top \$8.7 billion annually, and related employment could reach 20,600, the report says.

It assesses the likely economic impact of four iron ore mining and processing operations — an expansion by Keewatin Taconite, production of a high-content iron product by Mesabi Nugget near Hoyt Lakes, ore processing and steel production by Essar Steel Minnesota near Nashwauk and the recovery of iron ore from tailings by Magnetation.

Non-ferrous projects studied in the report include plans by Duluth Metals, PolyMet Mining Co., Kennecott, Franconia, Teck-Cominco and Encampment Minerals. Non-ferrous mining targets copper, nickel, lead, zinc and precious metals.

In arriving at its estimates of total economic impact, the study examines what it calls direct, indirect and induced impacts. Direct impact is a measure of spending on operations, indirect impacts result from spending involving mul-

multiple industries and induced impact is a measure of additional household spending that results from the direct and indirect impacts.

In addition to examining the impact of mining-related projects on the state's economy, the report also examines their importance to the region consisting of Aitkin, Carlton, Cook, Itasca, Koochiching, Lake and St. Louis counties in Minnesota and Douglas County, Wis. It shows mining is the single largest contributor to the region's economy, contributing 23 percent of the gross regional product in 2001 and 34 percent in 2007.

So mining is "very heavily weighted toward the region," and mining-related projects will consequently have profound regional impact, said Craig Pagel, president of the Iron Mining Association of Minnesota.

The report shows the planned projects in iron-related mining could contribute almost \$1.4 billion in wages, rents and profits to the state's economy, as well as generating more than 3,400 new jobs and ramping up production by almost \$2.9 billion. Non-ferrous mining projects could add almost \$1.5 billion in wages, rents and profits, 5,600 new jobs and \$2.3 billion in added local production, it says.

It also assesses the economic impact of project construction, predicting that construction will peak in 2008 on iron-related mining projects and in 2012 on non-ferrous mining projects.

In 2009, projects related to iron mining will generate nearly 6,600 construction jobs and \$718 million in wages, rents and profits, while also adding almost \$1.5 billion to local production, the report says. It predicts that in 2012, construction on non-ferrous mining projects could employ more than 12,000 workers, contribute almost \$873 million in wages, rents and profits and add almost \$1.8 billion in pro-

duction.

The report's authors also considered the possibility that only some of the iron-related and non-ferrous projects would reach full operation.

The study was commissioned by the Minnesota Department of Employment and Economic Development, Minnesota Power, the Natural Resources Research Institute, Iron Range Resources, the Iron Mining Association and Minnesota Mining. The full report can be viewed at [https://lsbe.d.umn.edu/departments/bber/projects/2009MN MiningImpact.pdf](https://lsbe.d.umn.edu/departments/bber/projects/2009MN%20MiningImpact.pdf)

Mike Jennings can be reached at mike.jennings@mx3.com. To read this story and comment on it online go to www.hibbingmn.com

