Old plan dusted off to woo manufacturers

By BOBBY LAMB
Advocate business writer

Louisiana officials are placing renewed emphasis on a decades-old economic development strategy of trying to woo manufacturers to the state to make products out of Louisiana-made basic chemicals.

"The thing that's changed is the fact that Latin America is now becoming an important consumer," said Kevin P. Reilly Sr., secretary of the state's Department of Economic Development.

Reilly said Monday that Louisiana, with its port, rail and truck transportation network, could serve as a hub for shipping consumer products to developing countries in Latin America.

Gov. Edwin Edwards called on manufacturers last week during an industry reception at the Governor's Mansion to cooperate with a DED task force being organized by Reilly to promote the strategy as a way to diversify Louisiana's manufacturing base and workforce.

Traditionally, Louisiana ranks as the nation's third largest producer of chemical products behind Texas and New Jersey. Nearly one-fourth of the products are exported, placing Louisiana as the nation's second largest chemical exporter, according to a 1991 LCA economic report.

Reilly said the strategy of turning Louisiana-made chemicals into consumer products failed in the past because basic chemicals were shipped out of state to factories nearest U.S. population centers.

"I think it's a good idea to dust it off and give it another try," said Dan Borne, president of the Louisiana Chemical Association. "You have to revisit these things almost in a cyclical fashion and determine what forces are at work at any given time," he said.

Resource bases and market forces change, he said.

Plan

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Reilly said he is asking Borne and Alden Andre, a vice president of Formosa Plastics, to meet with DED staff members to provide guidance, brainstorm ideas and elicit cooperation from Louisiana chemical producers in gathering information on sources of supply and markets for plants' products.

Andre has been active in implementing Formosa's strategy of "clustering" interconnected manufacturers in Louisiana.

Formosa operates a polyvinyl chloride and plastic film plant in an industrial park near Baton Rouge. It supplies plastic film to a New Roads manufacturer that produces inflatable air mattresses and plastic swimming, boating and beach accessories.

Borne said attracting industry depends upon benefits a manufacturer gains from being closer to a raw materials source. He said foreign investment can serve as a source for recruiting industry.

Reilly said the state has some success in attracting what are called value-added "downstream" producers. These producers take raw materials and make them into consumer products.

He cited as an example Specialty Oil Co. in Shreveport, which packages lubrication products from the Exxon refinery in Baton Rouge. Product is shipped by truck and rail, but Reilly expressed hope the company can locate in the Caddo-Bossier port to take advantage of barge traffic once the Red River is made navigable in a massive federal lock and dam project.

Reilly said Louisiana has had luck in recent years attracting apparel manufacturers to South Louisiana.

"They're finding the manufacturing of the products can be done efficiently here," Reilly said.

While working toward matching downstream manufacturers with Louisiana chemical products, DED also will try to match Louisiana vendors and suppliers with manufacturers to capture more of their business, Reilly said.

If quality, price and delivery time are right, companies are willing to use Louisiana suppliers, he said.

Borne said the Louisiana Chemical Alliance, composed of suppliers, vendors and plants, already have found that chemical producers already purchase much of their supplies and materials within the state.