Petrochemical industries fuel local economy

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The petrochemical industry stands alongside higher education and state government as one of three principal drivers in the local economy.

Baton Rouge lies at the heart of an industry-intensive corridor that stretches from St. Francisville to New Orleans. Roughly 22,000 workers are employed at the 146 plants that dot that stretch of the state. Chemical makers are drawn to the region by the confluence of essential natural resources such as oil and natural gas and the cost-efficient transportation mode of the Mississippi River.

Despite the concentration of industry north and south of Baton Rouge, this sector of the economy touches much of the state. Forty-three of the state's 64 parishes employ chemical workers.

Still, nearly 90 percent are employed in the Mississippi River corridor south of Baton Rouge along with Calcasieu Parish.

All told, the state's 30,000 chemical industry workers earn a collective $1.7 billion annually in salaries and wages, according to the Louisiana Chemical Association. At nearly $33,000, chemical worker salaries are on average about 64 percent higher than the average salary in the state, according to industry estimates.

Moreover, East Baton Rouge Parish pulls in the greatest share of all chemical industry wages, some $300 million per year in earnings according to the Louisiana Chemical Association.

Each year, the state exports more than $3 billion in chemicals and allied products, according to the state Department of Economic Development. In 1999, total chemical exports were $3.25 billion, up 3.5 percent over the previous year.

By comparison, the state exported $763 million in petroleum and coal products last year, a jump of 26 percent over the 1998 export total of $606 million, according to state records.

Only Texas refines more crude oil than Louisiana, which also ranks third in the nation in chemical manufacturing. In fact, chemical manufacturing employs more workers than any other segment of the manufacturing sector in Louisiana.

The Mississippi River reflects the lights of the Exxon refinery in Baton Rouge.

The petrochemical industry has a long, local history. In 1909, Standard Oil began operations at what is now the ExxonMobil refinery in north Baton Rouge. Ever since, plants have sprung up steadily to the north and south of the city, gradually transforming the state into the petrochemical powerhouse it is today.

The state continues to expand on its legacy of petrochemical production. Last year, expansion in the chemical manufacturing sector tallied $2.29 billion. That investment translated into more than 17,000 construction jobs and just under 1,000 new, permanent positions. No other industry sector invested more in the state in 1999, according to Department of Economic Development figures.

Chemical industry investment was followed by expansion in the petroleum refining sector. That segment of the economy realized $609 million in investment in 1999. Projects jump-started by that investment produced 161 permanent jobs and roughly 4,600 construction jobs.

Companies leading new investment in the petrochemical segment include Union Carbide Corp., Rubicon Inc., Conoco Inc. and Exxon Mobil Corp. Respectively, in 1999 those four companies invested $654 million, $250 million, $191 million and $84 million in expansion projects in the state.

Close to home, Shell Chemical Co. will spend $300 million to expand its olefins facility in Geismar, which lies to the south of Baton Rouge in Ascension Parish. To the west across the Mississippi, Shintech Inc. is planning a $250 million plastics plant with a polyvinyl chloride production capacity of 1.3 billion pounds per year.