Petrochemicals Lead State Industry With 1980 Investments Over $1 Billion

BATON ROUGE Louisiana's petrochemical industry is booming, with over $1.1 billion invested in the construction or expansion of 199 petrochemical facilities in 1980 alone, says the state's business organization.

According to a report by the Louisiana Association of Business and Industry (LABI), Louisiana's petrochemical industry accounted for over 8 percent of the total industrial dollars, excluding bonds, invested in-state last year. Twelve Petrochemical projects were begun in 1980 at a total cost of $122 million, while 320 existing facilities were expanded at a cost totaling about $1 billion.

The petrochemical industry continues to provide Louisiana with a firm foundation for economic growth and is one of the primary reasons that the state has weathered the recession which plagues the rest of the nation," LABI says.

"In addition to accounting for the largest share of industrial investments in the state, the petrochemical industry also generated over one-third (1,295) of the total permanent jobs created in Louisiana during 1980 and 80 percent (16,375) of the increase in construction jobs in the state," according to the report.

Employment within the mining (largely oil and gas production) industry jumped from 5,000 employees in 1975 to 9,000 in 1980, LABI says, and construction employment as a result rose from 9,400 in 1975 to 143,300 in 1980.

Nine of 16 parishes which recorded industrial investments of at least $10 million or more in 1980 are in the "petrochemical corridor" along the lower Mississippi River, as are four of six parishes reporting at least 2,000 jobs created in 1980, LABI points out.

The 16 parishes with industrial investments of at least $10 million are Caddo, Bossier, Ouachita, Calcasieu, Pointe Coupee, West Baton Rouge, East Baton Rouge, Iberville, Ascension, St. James, St. Charles, Jefferson, Orleans, St. Mary, Terrebonne, and Rapides. East Baton Rouge led the state in new jobs created by industrial investment (5,402), followed by Calcasieu, St. Charles, Ascension, Caddo and Pointe Coupee.

Because much of Louisiana's job growth in recent years is attributable to growth within the petrochemical industry and its service areas, and because these professions offer some of the highest average wages in industry, the average weekly wage and per capita income earned in Louisiana have climbed substantially in recent years.

In terms of average weekly earnings, "workers in petrochemical-related businesses experienced the most notable increases (over 50 percent) during the period 1975 to 1979. The average weekly wage paid members of Louisiana's petrochemical industry jumped from $295.76 in 1975 to $444.62 in 1979 for persons employed in petroleum coal manufacturing, while for petroleum refining employees climbed from an average of $232.40 to $456.94 for the same period, and those in chemical and allied products rose from $275.86 to $427.85.

Overall, Louisiana workers employed in manufacturing and selected nonmanufacturing industries enjoyed a 38 percent increase in average weekly earnings during the period.

Meanwhile, per capita income in Louisiana rose steadily throughout the 1970s, with Louisiana jumping from 45th to 35th in the nation in terms of per capita income between 1975 and 1980. The average per capita income among Louisianans increased 72 percent from 1975 to 1980, as compared to a nationwide growth of 61 percent, LABI points out.

"There's not much question that the petrochemical industry provides the base for Louisiana's economy and the petrochemical development is primarily responsible for the record growth the state as a whole has enjoyed in recent years," says LABI president Ed Steinmel.

"It's been something of a lop-sided growth, because the petrochemical industry is concentrated in the southeastern portion of the state and along the Mississippi River. Much of rural and north Louisiana lacks the human and natural resources to support petrochemical operations, therefore those areas have not shared the economic development enjoyed elsewhere and they have the high unemployment rates to prove it," Steinmel says.

"One of the economic factors which triggered our current growth is the tremendous expansion of oil and gas exploration and production that came about as a result of the 1973 OPEC embargo and the national quest for energy independence," says Steinmel.

However, the Pantus Corporation, a national industrial site locating firm, and the U.S. Commerce Department both project that the petrochemical industry will continue to provide a firm economic base for Louisiana to be one of the fastest-growing states in the South through the year 2000," Steinmel adds.

"If we can capitalize on that already strong and thriving base and take a few more steps to encourage investment by labor-intensive industry - steps like cleaning up our workers' compensation problems and further improving the vocational-technical education system - I believe Louisiana can enjoy a virtually recession-proof economy," he says.