

Week of January 31, 2005

## Snapshot from the Field

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Gov. Kathleen Babineaux Blanco (pictured) said that "Shintech has a proven record of being a good neighbor by operating its facilities safely and responsibly." But she added at the project announcement, "We expect you to be good stewards of our environment."

# Shintech Picks Louisiana for \$1-Billion PVC Complex

by **JACK LYNE**, *Site Selection* Executive Editor of Interactive Publishing

**ADDIS, La.** —**Shintech** has decided that **Louisiana** is the site of choice for an integrated polyvinyl chloride (PVC) complex that will involve an investment of US\$1 billion.

The project will rank as the largest U.S. investment ever by a Japanese chemical manufacturer. Houston-based Shintech is the wholly owned U.S. subsidiary of Tokyo-based **Shin-Etsu Chemical Company** ([www.shinetsu.co.jp](http://www.shinetsu.co.jp)) the world's largest manufacturer of PVC.

Shintech announced on Jan. 25th that it has chosen a 1,725-acre (690-hectare) site just south of the city of **Plaquemine (pop. 7,100)**. The company had narrowed its site search to three cities: Addis, La.; Freeport, Texas; and Plaquemine. Shintech has existing plants in Addis and Freeport.

"In the end, the Iberville Parish site proved to be the best location for the type of facility that we want to construct, with adequate rail, highway and deepwater access," Shintech Vice President Ervin Schroeder explained at the project announcement, held at the company's Addis production facility.

### Plug Pulled on '96 Project

The Plaquemine plant will create about 150 full-time jobs, said Schroeder. They'll be well-paying positions, he noted, with salaries ranging between \$55,000 and \$60,000 a year. The facility will also employ some 50 more workers on a contract basis. In addition, building the Plaquemine plant will create about 2,000 construction jobs, state officials said.

Many state and local officials who backed the project were on hand for the company's announcement.

"Today, I am proud to announce that Shintech chooses Iberville Parish and Louisiana," said Louisiana Gov. Kathleen Babineaux Blanco (D).

Mitchell Ourso, president of Iberville Parish, greeted the plant's arrival with unabashed enthusiasm. "It's a great day for Iberville Parish," he said.

The support marked quite a turnaround from Shintech's far less harmonious experience a decade ago. In 1996, the company announced plans to build a \$700-million PVC production operation in Convent, La., some 36 miles (58 kilometers) southeast of Plaquemine. Three years later,



Shintech's existing PVC plant site in Addis (pictured top) was one of the contenders for the company's new complex. The chosen location near Plaquemine sits about five miles (eight kilometers)

Shintech abandoned the project.

In the interim, protestors marched in opposition. In addition, the proposed Convent project became the catalyst for the first major court challenge mounted using the Environmental Justice Act (EJA) implemented in 1994. That

law makes illegal any "disproportionate distribution of environmental hazards" in low-income communities. About 40 percent of Convent residents had incomes at or below the federal poverty line.

The project, though, never reached a courtroom test. Shintech pulled the plug in 1999 soon after the Tulane University Law Clinic filed an EJA challenge. Instead, the company decided to build a smaller PVC plant in Addis, 25 miles (40 kilometers) north of Convent.

Environmental justice issues didn't surface in the Addis area, which has a more affluent population. Shintech's new Plaquemine plant site sits about five miles (eight kilometers) southeast of Addis.

### Project's Generous Emissions Generate Environmentalists' Opposition

Community leaders at both potential Louisiana sites welcomed Shintech's plant. The two locations are part of Louisiana's "Chemical Corridor," home to many large petrochemical operations.

"We appreciate the participation and support of many Iberville Parish and West Baton Rouge Parish residents in reaching this decision," said Schroeder.

Blanco defended Shintech's environmental performance at the project announcement. But she also seemed to obliquely put the company on notice.

"Shintech has a proven record of being a good neighbor by operating its facilities safely and responsibly," said Blanco. She added a little later, "We expect you to be good stewards of our environment."

Environmental groups strongly opposed the Shintech operation's projected emissions. The Plaquemine plant will apply for state and federal permits for 32 tons (28.8 metric tons) of vinyl chloride emissions a year, according to the Louisiana Environmental Action Network (LEAN at [www.leanweb.org](http://www.leanweb.org)), a coalition of state environmental groups that has worked in a project consulting role with Shintech.

Vinyl chloride is emitted in final-stage production of vinyl chloride monomer (VCM). VCM's carcinogenic properties have been well documented. Some nations, including Denmark and Sweden, have limited PVC usage.

Chemical emissions are no stranger in Louisiana's Chemical Corridor. Some residents, in fact, have nicknamed the area "Cancer Alley" because of its high emissions. "Every day, we hear about more cases of cancer and other health effects," said Elizabeth Avants of the Plaquemine-based Alliance Against Waste and Action to Restore the Environment (AAWARE), which opposed Shintech's project.

The Sierra Club ([www.sierraclub.org](http://www.sierraclub.org)) also spoke out against the PVC complex.

"It's the specifics we're interested in," Sierra Club Environmental Justice Organizer Darryl Malek-Wiley said at one public hearing on the project. "Any more ozone problems in the Baton Rouge area have to be mitigated."

Iberville is one of five Baton Rouge-area parishes with ozone levels that the U.S. Environmental Protection

Agency rates severe. The agency has threatened local polluting companies with fines if ozone isn't reduced.

Blanco vowed that the plant's permitting process would be "rigorous."

### Project Is Creating Shintech's First Integrated PVC Operation

David Wise, manager of Shintech's Addis plant, said that the company plans to buy pollution credits from other firms to improve the area's air quality. Shintech will purchase offsets for the Plaquemine plant's emitted nitrogen-oxide (NOX) and volatile organic compounds (VOC), Wise indicated. The company's permit application projects 78 tons (70.2 metric tons) of VOC emissions and 61 tons (54.9 metric tons) of NOX emissions a year, said LEAN officials. Both VOC and NOX are prominent contributors to ozone formation.

Shintech already owns the Plaquemine site. The company bought the property from **Ashland Specialty Chemical**, which had

southeast of Addis. Pictured on the bottom is Bayou Plaquemine in Iberville Parish. The waterway was used by French settlers and traders and is mentioned in Henry Wadsworth Longfellow's epic poem "Evangeline."



"It's a great day for Iberville Parish," Mitchell Ourso (pictured), the parish's president, said at the Shintech's complex announcement.



Shintech in 1996 proposed a PVC plant in Convent, La. Community backlash, however, prompted the company to pull the plug on the project three years later.

Photo: CorpWatch, San Francisco

used it as a plant site.

The project will create Shintech's first integrated PVC complex.

It will make not only PVC, but also its feedstocks.

At full production, the operation is scheduled to manufacture 650,000 tons (585,000 metric tons) a year of PVC. In addition, the complex's annual output of PVC raw materials will include 825,000 tons (742,500 metric tons) of vinyl chloride monomer, 500,000 tons (450,000 metric tons) of chlorine, and 550,000 tons (495,000 metric tons) of caustic soda.

Shin-Etsu's U.S. subsidiary has heretofore always acquired most of its raw materials for PVC from third parties. The lion's share of those feedstocks has come from **Dow Chemical Company**. Shintech's long-term contract with Dow to provide those feedstocks will continue after the Plaquemine plant reaches full production, company officials said.

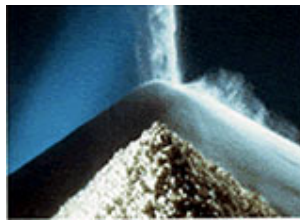
### Project Permitting Process, Hearings Likely to Take a Year

Making both PVC and its feedstocks in Louisiana is part of Shintech's strategy for increasing market share. The company currently holds about 30 percent of the North American PVC market. When the U.S. complex hits full-scale production, the company is projecting that its U.S. PVC output will increase by almost a third.


PVC's North American sales have been rising with the surge in housing and commercial development. The plastic is a popular material in pipes and other construction materials.

The Plaquemine project has a long regulatory road ahead before beginning operations. The plant must secure extensive state and federal air, ground and water permits, which will require a number of public hearings. Completing the permitting process may take as long as a year, state officials anticipated.

Shintech's current projected time table calls for beginning construction sometime in 2005, with first-phase production going online in late 2006. Second-phase construction is scheduled to be completed in time for full-scale manufacturing to begin in late 2007.



PVC (pictured at left in white powder-form polymer and pellet-form compound) is widely popular in construction, particularly for piping and pipe parts (pictured right).

 Louisiana Department of Economic Development Secretary Michael J. Olivier said that the project will contribute "millions of dollars in tax revenue during both the construction phase of the project as well as once the facility begins to operate. In addition to providing significant employment opportunities for local residents, the proposed facility will be an economic boost to the state and Iberville Parish."

*Editor's note:* For more on the Bayou State, read *Site Selection's* Editorial Survey from the January 2005 issue, ["Louisiana: Why Industry Is Moving Back to the Bayou State."](#)