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Formosa \$5 Billion Expansion Underway

POINT COMFORT - Formosa Plastics Corp. Texas is investing \$5 billion into a plant expansion that will extend into Jackson County and provide about 340 jobs.

The expansion will broaden the company's plastic resins product line and increase overall productivity, said Bill Harvey, company spokesman. Construction began about two and a half years ago and is scheduled to finish in late 2018.

"We are very pleased that they have decided to move across the county line with this major project," said Jackson County Judge Dennis Simons. "The jobs that it will bring will provide job stability far into the future."

The expansion will add low-density polyethylene resins to increase the product mix and improve customer end-use options, said Jack Wu, Formosa's vice president for business development.

This type of resin is different from high-density polyethylene, which the company already produces, Wu said. Low-density polyethylene has less malleable strength but greater ductility than its cousin. Some examples of what it produces are toys, films and cable insulations.

Company officials bought land in 2016 in Jackson County for the expansion, Wu said. The project will add about 800 acres to the plant resulting in a total of 2,300 acres plantwide.

Jackson County officials approved an agreement that gave a six-year abatement in 2015. Between 2016 and 2021, instead of taxes, Formosa will pay the county \$2.3 million.

The expansion will add about 140 permanent jobs to Jackson County and 200 to Calhoun County, Wu said.

"These jobs will attract people from both inside and outside the area, and hopefully, many of them will settle in Jackson County," Simons said.

In 2012, Formosa officials announced the expansion, Harvey said. The company had fresh water available and petroleum to use, which also contributed to the decision.

When finished, the four new units will bring the total to 21 units, Wu said.

Formosa has 2,066 full-time employees and 922 full-time contract staff in Calhoun County, Harvey said, with a payroll of about \$135 million for company employees. The plant pays about 33 percent of taxes in Calhoun County.

"(The expansion is) going to make a good, positive impact to our community for sure," said David Hall, Calhoun County commissioner. "(The plant has) created jobs, and employees support local business and helped with the housing market."

During the construction phase of the expansion, Jackson County officials should see an increase in sales tax revenue. Rental properties will be in demand as well as RVs, Simons said. When the expansion is complete and in operation, permanent jobs will provide a stable demand in housing and rental properties in the county and surrounding areas.

Formosa is one of the largest taxpayers in Jackson County with its other facilities there, Simons said.

"Formosa has been one of the largest, if not the largest, employers in the Victoria Metropolitan Statistical Area," he said. "We look forward to continuing our good relationship with them."

Formosa produces plastic resins that start out as natural gas that the plant harnesses and uses chemical reactions to create its products, Harvey said.

The resins are used in plastic items ranging from stretch film to automobile parts.

"I would suspect that everyone in the Crossroads has a product in their home that started at Formosa Plastics," Harvey said.

Plastic resins are used for all kinds of purposes, he said. Harvey gave an example of how a certain type of resin produces lighter milk jugs that require less plastic than earlier ones but are still just as strong and stackable, which traces back to resin characteristics.

The plant also produces polyvinyl chloride resins, which are among the most commonly used piping materials in the world, Harvey said. This material is also in credit and debit cards.

"The lighter the container, the less cost for shipping," Harvey said. "We're always searching for ways with our customers to find resins that meet their specific needs."

Resins are produced to the customers' wishes, he said. For example, clear resins have to be engineered so they don't turn yellow, as discolored stretch film wrapped around water bottles might not sell.

"Typically, we make a certain grade of plastic with characteristics," he said. "We do resin research on site as well as find formulas that will be better. It's not simple to change these formulations."

Company employees take measures to ensure resins are uniform and predictable, Harvey said.

Formosa sells to industries all over the world, he said.

"We make the cake mix, for lack of better term, for them to be able to make the cake," he said.

KNOW THE FACTS

? Formosa U.S. companies sales totaled about \$5.7 billion in 2015 with a \$1.5 billion income before taxes.

? Formosa Plastics Corp. Texas has 2,066 full-time company employees and 922 full-time contract staff, with a company payroll of about \$135 million.

? Jackson County officials approved an agreement that gave a six-year abatement in 2015. Between 2016 and 2021, instead of taxes, Formosa would pay the county \$2.3 million.

? The project started about two and half years ago and is planned to be finish in late 2018.

? Formosa's acreage is about 1,500 but will be about 2,300 after the growth project.

? The expansion will add about 140 permanent company jobs in Jackson County and 200 in Calhoun County.

Source: Bill Harvey, Formosa spokesman

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