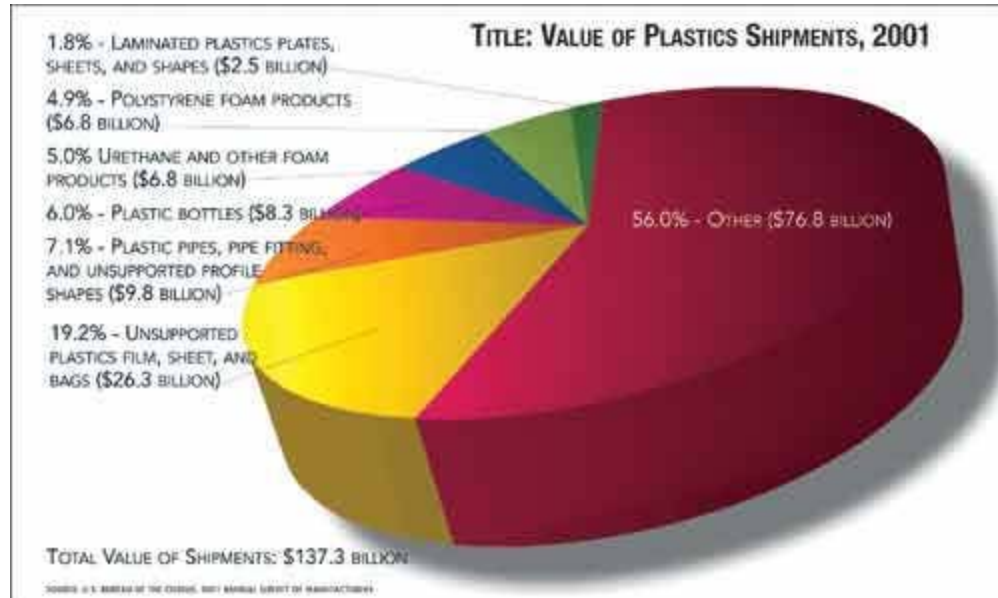


Tomorrow's Plastics Locations

By Karim Khan

If you think plastics products are mainly made overseas today thanks to cheaper labor, think again: the U.S. is the world's largest producer of manufactured plastics products. According to a recent report prepared by Nebraska Public Power District's (NPPD) Economic Development department, the estimated value of shipments for the plastics industry in the U.S. peaked at \$142.2 billion in 2000. Shipments declined to \$137.3 billion in 2001.

Despite the decline, most of which was due to softening demand thanks to a weakened economy, the 2001 level of industry shipments was 3.7 times the total shipments in 1982. That means that even when adjusted for inflation, the dollar value of shipments from 1982 to the present has grown by about 100%. According to the Society of the Plastics Industry (SPI), real value added in the plastics manufacturing industry grew 3.7% per year from 1980 to 2001. Over the past 25 years, plastics industry employment, real shipments, and real value added grew faster than manufacturing as a whole in the U.S., says the SPI.



U.S. plastics companies have naturally increased employment rolls to meet growing demand for increasingly sophisticated plastics products. For example, total industry employment from 1982 to 2001 increased by 73.9%. The number would be even higher excluding the sudden 4.3% drop in employment from 2000 to 2001; still, the trend is still overwhelmingly positive in the long term for plastics manufacturers.

What's amazing is that this employment growth has been accompanied by steady gains in efficiency in each plastics facility; automation funded through increased capital spending has reduced the number of workers needed for any given plant. Therefore, the only way to explain the employment swell is that the sheer number of plastics plants in the U.S., and presumably in other countries as well, has been growing rapidly and will continue to do so. More facilities than ever have sprung up to meet the growing plastics needs of industries as diverse as automotive manufacturing and design, consumer goods, and packaging. In fact, it's hard to imagine any durable goods available today that don't utilize plastic compounds in one way or another.

20 HOTTEST PLASTICS LOCATIONS

1. TEXAS
2. OHIO
3. TENNESSEE
4. NORTH CAROLINA
5. ALABAMA
6. MEXICO (TIE FOR 6TH)
6. PENNSYLVANIA (TIE FOR 6TH)
8. SOUTH CAROLINA
9. ARIZONA (TIE FOR 9TH)
9. LOUISIANA (TIE FOR 9TH)
11. GEORGIA (TIE FOR 11TH)
11. NEW JERSEY (TIE FOR 11TH)
13. VIRGINIA
14. MISSISSIPPI (TIE FOR 14TH)
14. OKLAHOMA (TIE FOR 14TH)
16. ILLINOIS (TIE FOR 16TH)
16. MISSOURI (TIE FOR 16TH)
18. MINNESOTA
19. INDIA (TIE FOR 19TH)
19. KENTUCKY (TIE FOR 19TH)

METHODOLOGY: EACH SURVEY RESPONDENT WAS ASKED TO NAME UP TO FIVE LOCATIONS, IN ORDER OF PREFERENCE, REPRESENTING HIS OR HER CHOICES OF THE MOST ADVANTAGEOUS PLACES TODAY TO BUILD A NEW PLASTICS FACILITY. LOCATIONS RECEIVED FIVE POINTS FOR EACH FIRST CHOICE; FOUR POINTS FOR EACH SECOND CHOICE; AND SO ON. THE FINAL ORDERED RANK PRODUCED THIS LIST.

It certainly explains why plastics is a "target industry" for so many economic development agencies. If it seems like every conceivable location is clamoring for your plastics business, it's because they are. Plastics facilities bring with them coveted manufacturing jobs, and yet the size of many plastics facilities allows smaller communities to compete for your project. On top of that, there isn't necessarily a strong regional draw for plastics plants, as there is in, say, the auto industry. What this leads to is a wide-open field of candidates for your project. While most plastics relocations and expansions will be dictated by the location of your customer base, you will still face a myriad of attractive options—from redeveloped urban brownfield sites to rural greenfields.

To help our plastics industry readers get a handle on which locations might be the best starting points for a site search, we took it upon ourselves to ask a sampling of consultants, real estate professionals, and location selection experts where the hottest opportunities in plastics are today.

What we found is summarized below as the 20 Hottest locations for plastics. These are the places our survey respondents told us are you need to examine if you're in the business of plastics, and are considering expanding or

relocating. As mentioned above, there will almost certainly be limiting factors you'll consider first before relying on this list; if all of your customers are in the southeastern U.S., it may make more sense to give extra consideration to Tennessee (number 3) or North Carolina (4) than to top-rated Texas. And if you're supplying customers in Asia, you might want to look at a number of international locations such as India (19). Remember, our 20 Hottest list is limited by the fact that our survey is only a matter of opinion from professionals, and these professionals may have an inherent bias due to their familiarity with certain locations over others. Therefore, it's impossible to say that a location not on our list isn't equally "hot."

On the other hand, the locations that are on our list all have something special to offer, whether it's special tax-free zones for your facility or deferred costs to help you reach profitability. To find out more about what kinds of things you ought to look for, with a focus on how to determine whether or not a location will present a staffing problem or a staffing solution to your business, turn the page to our feature story, "Staffing Your Plastics Company." As always, we welcome the chance to read your feedback on this ranking or any of the articles appearing in Business Facilities. Your comments and criticism help us refine our content every month to best suit your needs.