

# Formosa's Louisiana Petrochemical Complex

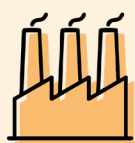
*High Costs, Legal Fights, and Local Opposition Put Plans at Risk*

## Market Conditions

Petrochemical overcapacity, slowing domestic and foreign growth, and a shift to more sustainable alternatives are reducing demand for petrochemical products, resulting in a downgrade for Formosa's proposed facility in St. James Parish, Louisiana.

IEEFA finds that Formosa has experienced a significant decline in revenue overall since 2021, and the outlook for the polyethylene sector is poor. The industry faces structural changes in the global economy that suggest a secular decline.

### Factors putting demand growth at risk include:



Overcapacity in the petrochemical sector



An aging population and slower economic growth in China



Slower industrial growth



Shift towards more sustainable commodities

## Recommendations

The macroeconomic environment for North American petrochemical projects also has worsened significantly since 2018. Formosa's plan to construct the petrochemical complex in Louisiana exposes it to competition from an already oversupplied market that has negatively affected its financials.

Instead of throwing good money after bad, Formosa should cut its losses and pursue more viable opportunities that align with market realities and shareholder interests.

