

BASF Commits \$780 Million to Complete Geismar Chemical Plant Expansion



On July 19, 2022, BASF announced a final investment decision on a \$780 million project to double production capacity at its chemical manufacturing complex in Ascension Parish, marking the beginning of the third and final phase of an expansion plan announced in 2018. Counting all three expansion phases and other site investments, BASF will retain more than 1,000 existing jobs and add 37 new direct jobs with average annual salaries from \$86,600 to \$105,600 per year, plus benefits. LED estimates that the total project plan will result in 147 new indirect jobs, for a total of 184 new jobs in the Capital Region.

Upon completion, BASF's Geismar Verbund site – signifying the physical integration of production, market platforms and technologies that tie the business together – will be able to produce 600,000 metric tons per year of methylene diphenyl diisocyanate (MDI). MDI is an important component for polyurethanes, a versatile, lightweight plastics material used for insulation and a variety of other industrial and consumer products.

“BASF is one of the largest chemical companies in the world, and this substantial reinvestment in its Geismar complex speaks volumes about the strength of Louisiana's advanced

manufacturing sector,” Gov. John Bel Edwards said. “By increasing production of a material vital to the creation of energy-efficient products, BASF has positioned our state as an important contributor to the global sustainability supply chain. That is a win for workers and their families in the Capital Region, and for the state’s economy as a whole.”

The company said in its announcement that the seven-year expansion project – representing more than \$1 billion in combined capital investment – will allow it to meet growing North American demand for its products in construction, appliance, transportation, automotive and other sectors.

“Thanks to our strategic location and infrastructure, access to competitive raw materials, highly-skilled workforce and strong government support, BASF has now invested more than \$2 billion in new projects and improvements at the Geismar site since 2009,” said Jerry Lebold, BASF’s Senior Vice President and General Manager at the Geismar site. “This continued investment demonstrates our commitment to our employees, our community and our presence in Louisiana which is more than 60 years strong.”

Construction will begin this year and is expected to be complete by mid-2025. The expanded facility will utilize leading-edge technology that combines the highest safety standards with advanced digitalization in its operations, the company said.

To secure the final phase of the BASF expansion project, the State of Louisiana offered a competitive incentive package that includes a \$1 million Retention and Modernization Tax Credit, to be claimed in equal installments over five years. BASF also is expected to utilize Louisiana’s Industrial Tax Exemption and Quality Jobs programs.

“As both a top employer and taxpayer, BASF is an economic engine for Ascension Parish,” Parish President Clint Cointment

said. "Working together to facilitate growth opportunities like this series of MDI investments is key to our continued success in sustainable manufacturing and quality local employment opportunities."

"BASF continues to demonstrate its commitment to community by operating responsibly, hiring locally and donating time and resources to local programs and organizations," said Kate MacArthur, president and CEO of the Ascension Economic Development Corp. "The company's commitment to sustainability and reliability in product line investments mirrors its efforts in community advancement."

"We are fortunate to have BASF in the Capital Region and it's very positive to see them continue to invest in Louisiana for production of more sustainable products," said Adam Knapp, president and CEO of the Baton Rouge Area Chamber. "The company's expansion capitalizes on the region's skilled workforce and strong supply chain."

About BASF

BASF Corporation, headquartered in Florham Park, N.J., is the North American affiliate of BASF SE, Ludwigshafen, Germany. BASF has more than 16,700 employees in North America and had sales of \$25.9 billion in 2021. At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. Around 111,000 employees in the BASF Group contribute to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio comprises six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of €78.6 billion in 2021. BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the U.S. More information at www.basf.com.