

Formosa Plastics' "Sunshine Project" United States

Sectors: Chemical Manufacturing

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Created on: [Jun 16 2021](#)

Last update: [Sep 16 2022](#)

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[Project website](#)

Sector	Chemical Manufacturing
Location	
Status	Planning Design Agreement Construction Operation Closure Decommission
Website	http://www.sunshineprojectla.com/

About Formosa Plastics' "Sunshine Project"

The Sunshine Project is a proposed petrochemicals complex on a 2,400-acre site in St. James Parish, Louisiana. It will use ethane, a byproduct of fracking, as the feedstock for the production of various plastics (polyethylene, polypropylene, polymer and ethylene glycol). The project is operated by Formosa Group LA (FG LA LLC), a US subsidiary of Formosa Plastics Group, a Taiwanese conglomerate.

The Sunshine Project will be located within an 85-mile stretch of the Mississippi River between New Orleans and Baton Rouge that is widely known as Cancer Alley due to the number of petrochemical facilities that populate the area. The region is predominantly inhabited by historic Black neighbourhoods, including St. James Parish. In the 10-mile radius around St. James alone, there are twelve toxic petrochemical facilities.

UN human rights experts specifically cited concerns over the Sunshine Project when they stated that the further industrialization of Cancer Alley amounts to a form of "environmental racism". There is significant local community and civil society resistance to the project.

Latest developments

Formosa plastics Sunshine project permits cancelled over health risks

[Sep 14 2022](#)

Government suspends permit for controversial Louisiana plastics plant

[Aug 19 2021](#)

Why this profile?

The Sunshine Project, located in Louisiana's "Cancer Alley", is a textbook case of environmental racism, releasing many more carcinogens into a predominantly African-American community already inundated with health problems caused by industrial pollution. It would also be a major greenhouse gas emitter, as well as exacerbating the global plastic pollution crisis.

What must happen

Banks and asset managers should publicly commit to no direct or indirect financing of the Sunshine Project.

Also, given Formosa Plastics' track record of being a "serial environmental offender", banks and asset managers should divest from Formosa Plastics Corporation and Formosa Petrochemical Corporation; sell and refrain from underwriting or buying bonds issued by Formosa Plastics Group and its subsidiaries and affiliates; and cease all underwriting or asset management activities for Formosa Plastics equities and debt.

Impacts

Social and human rights impacts

Public health in Cancer Alley: a textbook case of environmental racism Formosa Plastics' Sunshine Project is a textbook case of environmental racism. The petrochemicals complex poses a grave threat to the health and safety of residents in St James Parish and other local communities. There are already twelve toxic petrochemical facilities within a 10-mile radius of the planned Formosa project, which forms part of an 85-mile stretch of the Mississippi River, predominantly inhabited by historic Black neighbourhoods, that is widely known as "[Cancer Alley](#)". The complex will be built directly adjacent to a residential area of the 5th District and one mile from an [elementary school](#) that serves an almost entirely Black student population.

According to data from the U.S. EPA's Risk-Screening Environmental Indicators ([RSEI](#)) database, the cancer hazard of facilities in St. James Parish has increased by nearly 800% over the last decade (2007 – 2018). In March 2021 United Nations human rights experts raised serious concerns over further industrialization of Cancer Alley and called for an end to environmental racism in the 85 mile area, specifically citing concern over Formosa Plastics' proposed petrochemical complex. The [experts found](#) that the industrialization of the lower Mississippi has polluted the land and water and subjected primarily African American residents to adverse health effects: "This form of environmental racism poses serious and disproportionate threats to the enjoyment of several human rights of its largely African American residents, including the right to equality and non-discrimination, the right to life, the right to health, right to an adequate standard of living and cultural rights".

Building on top of gravesites of formerly enslaved ancestors In 2019, an independent [cartographic analysis](#) showed that on the site where Formosa Plastics plans to build its facility, multiple cemeteries of former plantations were located. This means the plant would be built on top of the burial sites of enslaved ancestors of the local community. What's worse, Formosa Plastics [knew](#) about the grave sites while seeking land use approval from the St. James Parish Council, but chose to withhold this crucial information from state and municipal decision makers and the local community. Formosa Plastics' proposed chemical complex not only poses further severe health problems for the community, but threatens to destroy newly discovered spiritual links to its ancestral history.

The [March 2021 letter from UN Human Rights experts](#) also made this important connection of a long history of anti-Black racism in the United States: "The African American descendants of the enslaved people who once worked the land are today the primary victims of deadly environmental pollution that these petrochemical plants in their neighbourhoods have caused," they said. "We call on the United States and St. James Parish to recognise and pay reparations for the centuries of harm to Afro-descendants rooted in slavery and colonialism."

Environmental and climate impacts

Accelerating climate catastrophe Each year, the Sunshine Project would be [permitted](#) to emit 86,000 kilograms of benzene, 1,3-butadiene, acetaldehyde, formaldehyde, and ethylene oxide – all known carcinogens – into a community already inundated with health problems caused by industrial pollution.

The complex would emit [13.6 million tons of CO2e](#) (greenhouse gases) per year, equivalent to the annual emissions of three coal-fired power plants. In combination with existing facilities, [UN experts found](#) that this would mean the annual greenhouse gas emissions of St. James Parish could exceed those of 113 countries.

Among other things, the complex would [produce](#) plastic resins and petrochemicals for single use plastics like shopping bags and

plastic cups, contributing to the [global plastics waste problem](#). Formosa Plastics Corporation already is [among the 20 leading companies](#) that together generate more than half the world's polymer production destined for single-use plastic waste, together with among others [Dow, ExxonMobil and Sinopec](#).

Built in a vulnerable floodplain Hurricane Katrina was a monumental environmental disaster that is quickly becoming a marker of what is understood to be the new normal for the local Gulf Coast's notoriously [destructive hurricane season](#). The rising intensity of seasonal storms poses elevated risks to Formosa Plastics' proposed project site, which is located in a natural floodplain. Forty percent of St. James Parish is classified as 'wetlands', made up of marshes and swamps. Major flooding in St. James in 2016 caused significant damage; throughout Louisiana, 40,000 homes were destroyed and [13 people died](#). Siting massive toxic petrochemical facilities in the area poses enormous public health and environmental risk. Recent [storm-induced industrial disasters](#) affirm the gravity of these risks, such as the 2017 [Arkema explosions](#) near Houston during Hurricane Harvey.

This super-polluting project does not belong in a climate-safe world and certainly not in Louisiana where [accelerating coastal erosion](#) (Louisiana has lost approximately 25% of its land mass from 1932-2016), sea level rise, and strengthening hurricanes are already creating some of the United States' first [climate refugees](#).

Other impacts

The Sunshine Project is not an isolated case. Formosa is a "serial offender" in violating environmental regulations, as well as putting workers and communities in danger. In the company's 65 year history, Formosa Plastics has totalled over [US\\$ 650 million](#) in fines and penalties across nearly a dozen sites worldwide. In 2016, a Formosa subsidiary was responsible for the worst [environmental disaster](#) in the history of Vietnam.

Formosa Plastics' track record in Texas, where it operates a similar facility to the Sunshine Project, is also a cause for alarm. In June 2019, a [federal judge](#) found that Formosa had committed "enormous" violations of the Clean Water Act, having dumped plastics pellets and powder into [Lavaca Bay](#) every day for years, for which it had to pay a record US\$ 50 million settlement.

Formosa's record of environmental and rights violations means it can't be trusted, as some financiers have begun to recognize. In August 2020, [Norway's Sovereign Wealth Fund](#) announced exclusions for two Formosa Plastics subsidiaries, citing an "unacceptable risk for violation of human rights". Also in August 2020, [Storebrand](#) Asset Management added two Formosa Plastic subsidiaries to its exclusion list as part of its broader effort to divest from companies contributing to the climate crisis.

Governance

Bank policies

The following bank investment policies apply to this project:

Fubon Financial Holding

Sustainability risk management

Date listed represents date as accessed on website

Dec 18 2019 | Fubon FHC

Code of ethical conduct

Nov 28 2017 | Fubon FHC

Human rights policy

Date listed represents date as accessed on website

Dec 18 2019 | Fubon FHC

Mizuho Financial Group

Human Rights Policy

Apr 1 2018 | Mizuho Financial Group

UBS

Environmental and social risk policy framework 2021

May 3 2021 | UBS

Sumitomo Mitsui Banking Corporation (SMBC)

Statement on human rights

Mar 5 2019 | Sumitomo Mitsui Financial Group

Applicable norms and standards

OECD Guidelines for Multinational Enterprises

UN Guiding Principles on Business and Human Rights

Brief history

On 23 April 2018, Louisiana Governor John Bel Edwards and the Formosa Group announced that the company planned to build a US\$ 9.4 billion petrochemical manufacturing complex in St. James Parish.

In January 2020, conservation and community organizations filed a [lawsuit](#) challenging the U.S. Army Corps of Engineers' permits for the Sunshine Project, on the grounds that they had failed to disclose the environmental damage and public health risks, as well as failing to adequately consider the harm to cultural resources such as slave burial grounds on the site.

On 10 November 2020, the U.S. Army Corps of Engineers announced that it had suspended its permit for the proposed plant in response to the lawsuit. On 18 November, a District Judge remanded the case back to the state environmental agency, noting that the "environmental justice analysis was inadequate". This judgement was overturned in March 2021, with the matter currently referred to an appeals court.

On 19 November 2020, Formosa stated that in response to the Covid-19 pandemic it had "deferred major construction until the pandemic has subsided and/or an effective vaccine is widely available". The Final Investment Decision has also been indefinitely delayed.

Timeline

Formosa plastics Sunshine project permits cancelled over health risks

Sep 14 2022

On 14 September, the air quality permits and all other permits issues to Formosa Plastics' project by the Louisiana Department of Environmental quality were vacated in a lawsuit from environmental groups. The ruling cited health risks and [recognized](#) the local Black residents are "tied to the land" through "the blood, sweat and tears of their ancestors, who were kidnapped from Africa". [PlasticsNews.com](#)

Government suspends permit for controversial Louisiana plastics plant

Aug 19 2021

The US federal government has suspended a permit for a controversial proposed plastics plant in Louisiana while an environmental review takes place after advocates raised concerns about its impacts. In a memo on Wednesday, acting Assistant Army Secretary for Civil Works Jaime Pinkham said a permit for the plant would be suspended amid a rigorous environmental review known as an Environmental Impact Statement. ([The Hill](#)).

Financiers

Although originally projected at US\$ 9.4 billion, coronavirus pandemic-related delays and rising prices for construction materials are leading to significantly higher costs. A December 2020 estimate by Taiwan Ratings put costs at [US\\$ 12 billion](#).

On March 9, 2020 filings with the Taiwan Stock Exchange, FG LA LLC majority shareholder Formosa Petrochemical Corporation reported that total [equity investment in FG LA LLC](#) (with FPC owning 100% of shares) amounted to US\$ 413 million. Considering the lengthy timeline of the company's estimated US\$ 9.4 billion Sunshine Project, this equity may be enough project financing for the time being, precluding the need for any direct loans to FG LA LLC.

Below financiers have provided loans or underwritten bond issuances to FG LA's parent companies. The biggest financiers are a number of Taiwanese financial groups: Yuanta Financial, Fubon Financial, Mega Financial, Taiwan Financial Holding and CTBC Financial.

Banks

[Fubon Financial Holdings](#) Taiwan, Republic of China [profile](#)

[Details ▼](#)

Debt – corporate loan USD 21 million 25 October 2019 - 25 October 2024

Fubon Bank was arranger on a syndicated loan for general corporate purposes for Formosa Chemical Industries (Ningbo).
source: Thomson Reuters

Debt – corporate loan USD 12 million 13 June 2019 - 13 June 2024

Fubon Bank was arranger on a syndicated loan for general corporate purposes for Formosa Chemical Industries (Ningbo).
source: Thomson Reuters

Debt – corporate loan USD 75 million 10 June 2019 - 10 June 2024

Taipei Fubon Commercial Bank was arranger on a syndicated loan for general corporate purposes for Formosa Industries.
source: Thomson Reuters

Debt – corporate loan USD 23 million 13 June 2019 - 13 January 2024

Fubon Bank was arranger on a syndicated loan for general corporate purposes for Formosa Chemical Industries (Ningbo).
source: Thomson Reuters

Bond issue – underwriter USD 172 million 19 June 2018

Fubon Securities was underwriter for a bond issuance for general corporate purposes for Formosa Plastics. The bonds mature 26 June 2023.
source: Thomson Reuters

Bond issue – underwriter USD 46 million 19 June 2018

Fubon Securities was underwriter for a bond issuance for general corporate purposes for Formosa Plastics. The bonds mature 26 June 2028.
source: Thomson Reuters

[HSBC](#) United Kingdom [profile](#)

[Details ▼](#)

Bond issue – underwriter USD 187.5 million 22 April 2015

HSBC underwrote a bond issuance for general corporate purposes for Formosa Cayman Islands. The bonds mature on 22 April 2025.
source: Thomson Reuters

[Mitsubishi UFJ Financial Group \(MUFG\)](#) Japan [profile](#)

[Details ▼](#)

Debt – corporate loan USD 14.39 million 13 June 2019 - 13 June 2024

MUFG participated in a syndicated loan for general corporate purposes to Formosa Plastics Corp.
source: Thomson Reuters

[Mizuho](#) Japan [profile](#)

[Details ▼](#)

Debt – corporate loan	USD 23.12 million	13 June 2019 - 13 June 2024
Mizuho Bank was arranger on a syndicated loan for general corporate purposes to Formosa Plastics Corp. <i>source: Thomson Reuters</i>		
Debt – corporate loan	USD 12 million	13 June 2019 - 13 June 2024
Mizuho was arranger on a syndicated loan for general corporate purposes to Formosa Plastics Corp. <i>source: Thomson Reuters</i>		
Bond issue – underwriter	USD 187.50 million	15 April 2015
Mizuho underwrote a bond issuance for general corporate purposes for Formosa Cayman Islands. The bonds mature on 22 April 2025. <i>source: Thomson Reuters</i>		
Standard Chartered United Kingdom profile		Details ▼
Bond issue – underwriter	USD 62.50 million	15 April 2015
Standard Chartered was co-manager on a bond issuance for general corporate purposes for Formosa Cayman Islands. The bonds mature on 22 April 2025. <i>source: Thomson Reuters</i>		
Sumitomo Mitsui Banking Corporation (SMBC) Japan profile		Details ▼
Debt – corporate loan	USD 21.23 million	25 October 2019 - 25 October 2024
SMBC was arranger on a syndicated loan for general corporate purposes to Formosa Plastics Corp. <i>source: Thomson Reuters</i>		
Debt – corporate loan	USD 10 million	13 June 2019 - 13 June 2024
SMBC participated in a syndicated loan for general corporate purposes to Formosa Plastics Corp. <i>source: Thomson Reuters</i>		
Debt – corporate loan	USD 18.06 million	13 June 2019 - 13 June 2024
SMBC participated in a syndicated loan for general corporate purposes to Formosa Plastics Corp. <i>source: Thomson Reuters</i>		
UBS Switzerland profile		Details ▼
Bond issue – underwriter	USD 62.50 million	15 April 2015
UBS was co-manager on a bond issuance for general corporate purposes for Formosa Cayman Islands. The bonds mature on 22 April 2025. <i>source: Thomson Reuters</i>		
Investment banks		
Yuanta Financial Holdings		Details ▼
Bond issue – underwriter	USD 121 million	18 June 2020
Yuanta Securities underwrote a bond issuance for general corporate purposes for Formosa Plastics Corp. The bonds mature on 22 June 2025. <i>source: Thomson Reuters</i>		
Bond issue – underwriter	USD 126 million	17 June 2020
Yuanta Securities underwrote a bond issuance for general corporate purposes for Formosa Plastics Corp. The bonds mature on 22 June 2027. <i>source: Thomson Reuters</i>		
Bond issue – underwriter	USD 33 million	17 June 2020
Yuanta Securities underwrote a bond issuance for general corporate purposes for Formosa Plastics Corp. The bonds mature on 22 June 2030. <i>source: Thomson Reuters</i>		

Bond issue – underwriter	USD 89 million	15 January 2018
Yuanta Securities underwrote a bond issuance for general corporate purposes for Formosa Plastics Corp. The bonds mature on 26 June 2025. <i>source: Thomson Reuters</i>		
Bond issue – underwriter	USD 109 million	11 May 2017
Yuanta Securities underwrote a bond issuance for general corporate purposes for Formosa Plastics Corp. The bonds mature on 19 May 2022. <i>source: Thomson Reuters</i>		
Bond issue – underwriter	USD 122 million	11 May 2017
Yuanta Securities underwrote a bond issuance for general corporate purposes for Formosa Plastics Corp. The bonds mature on 19 May 2024. <i>source: Thomson Reuters</i>		

Related companies

The project is operated by Formosa Group LA LLC (FG LA LLC). [FG LA is a full subsidiary](#) of FG Inc., registered in Delaware. FG Inc. is owned by the following Formosa Plastics Group companies:

- [Formosa Petrochemical Corporation \(57%\)](#);
- Formosa Chemical & Fibre Corporation (30%);
- Nan Ya Plastics Corporation (10%);
- Formosa Taffeta (3%).

Formosa Plastics Group is a conglomerate in which each constituent entity owns a significant stake in multiple other group companies, in a circular ownership structure. Taiwanese Formosa Plastics Corporation is part of the Formosa Plastics Group, but does not have a direct stake in FG LA LLC. It does, however, hold an indirect minority stake through other group companies.

Project sponsor

Formosa Group LA LLC United States