

## 9. PLASTICS

From 1980 through 1987, employment in Oregon's plastics firms increased at more than twice the rate of plastic firms nationwide. The 1980-87 average annual growth rate for employment in Oregon's plastic industry was 8.9 percent compared to the national average of 4 percent.

This rate of employment growth is extremely high compared to the annual growth rate for Oregon's total employment over the same time period, 0.6 percent.

Average pay in the plastics industry is higher than the state average for all industries. Plastics firms pay an annual average of \$20,266 compared to \$18,881 for all industries.

The majority of Oregon's plastics industry produces intermediate products used in final products in virtually every industry. Plastic has become the material of choice for original equipment manufacturers (OEMs), such as Fujitsu America and Freightliner. These OEMs desire locations close to component suppliers to maintain "just-in-time" inventories. The presence of a growing plastics industry is helpful in attracting manufacturers of finished goods.

Currently, the majority of Oregon's plastic products manufacturers are operating at full capacity. Growth in this industry will require construction of new facilities or expansion of existing plants. This will require significant investment which could easily take place somewhere besides Oregon. Oregon has received a reputation within the nation's plastics industry as a difficult place to do business. This is due in part to publicity connected with legislative proposals to curtail or hinder the use of certain plastic products that are not produced in Oregon.

### **Vision**

Oregon is the principal center for plastic products manufacturing north of San Francisco. The Oregon plastics industry of the future will remain as a major center on the West Coast. The industry will boast a reputation for quality and productivity. Our community college system will offer course work for plastic technicians and at least one four-year college will offer a plastics engineering curriculum. The Oregon plastics industry will act as a magnet for the location of original equipment manufacturers. Further, Oregon's plastics industry will find solutions to many of the environmental concerns that community groups are currently raising in regard to plastic products.

### **Strategy To Achieve the Vision**

In order to realize our vision for the plastics industry, we will need to take three

broad initiatives.

- Create a business climate conducive to the location and expansion of the state's plastics industry.
- Establish programs in our colleges for training technicians and engineers for the plastics industry.
- Bring together the plastics industry and environmental groups to find solutions to the public's concerns with the growing use of plastics. As a complement to this effort, officials in state and local governments should acknowledge the importance of plastics to the Oregon economy and work with the industry to develop plastics recycling programs.

#### **Actions To Implement the Strategy**

- The Economic Development Department should facilitate discussions between the Plastics Committee, the DEQ, and environmental groups to resolve environmental disputes surrounding plastics. Specific recommendations include the following:
  - Promote Recycling of Plastic Products. As a means of accommodating municipal problems with solid waste, the state should consider recycling as an alternative to a ban on the production or sale of plastic products.
  - The plastics industry should seek to introduce a bill to extend the effective date of the tax credit for the purchase of equipment for recycling plastics, ORS 468.925. This credit expired on December 31, 1988.
  - The Department of Environmental Quality should review its administrative rules for the plastic recycling tax credit. DEQ's administrative rules prohibit the use of this tax credit for equipment designed to recycle in-house waste. These rules also limit the use of the tax credit to companies that produce a product with plastic captured from the waste stream. Given these restrictions the tax credit has never been used. DEQ staff believes that such investment will occur without a tax credit, but the industry does not agree.
  - Provide grant funding for plastic recycling research in three areas -- technology development, market research, and product development. Current research is centered on the East Coast. There is an opportunity to establish plastics research on the West Coast.

- The Economic Development Department and the Office of Education Policy and Planning should work with the Plastics Committee to develop a plastics manufacturing curriculum at Oregon Institute of Technology, perhaps in conjunction with one or more community colleges.
  
- The Economic Development Department should highlight in its presentations the strength and range of products provided by Oregon's plastics industry.