



News Release

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Contact: Jennifer Scott (202) 249-6512

Email: jennifer_scott@americanchemistry.com

NEW REPORT SHOWS POTENTIAL FOR MAJOR APPALACHIAN PETROCHEMICAL INDUSTRY *Shale-Related Investment Could Create Jobs, Help Re-Energize Manufacturing*

WASHINGTON (May 18, 2017) – An economic report released today by the American Chemistry Council (ACC) shows that the Appalachian region could become a second center of U.S. petrochemical and plastic resin manufacturing, similar to the Gulf Coast. ACC President and CEO Cal Dooley presented the findings at a Capitol Hill press event with lawmakers including Senator Shelley Moore Capito (R-W.Va.), Senator Joe Manchin (D-W.Va.) and Rep. David McKinley (R-W.Va.).

“The Appalachian region has distinct benefits that could make it a major petrochemical and plastic resin-producing zone,” Dooley began. “Proximity to a world-class supply of raw materials from the Marcellus/Utica and Rogersville shale formations and to the manufacturing markets of the Midwest and East Coast has already led several companies to [announce](#) investment projects, and there is potential for a great deal more.”

ACC’s report presents a hypothetical scenario that includes the development of a storage hub for natural gas liquids (NGLs) and chemicals (e.g., ethylene, propylene), 500-mile pipeline distribution network and associated petrochemical, plastics and potentially other energy infrastructure and manufacturing in a quad-state area consisting of West Virginia, Pennsylvania, Ohio and Kentucky. It uses the IMPLAN model to estimate direct, indirect and payroll-induced job impacts, as well as tax revenue impacts.

The economic benefits could be substantial. By 2025, the quad-state region could see 100,000 permanent new jobs, including 25,700 new chemical and plastic products manufacturing jobs, 43,000 jobs in supplier industries and 32,000 ‘payroll-induced’ jobs in communities where workers spend their wages, according the report. The new investment could also lead to \$2.9 billion in new federal, state and local tax revenue annually.

“The right policies are critical to realizing this opportunity,” Dooley said. “The *Appalachian Ethane Storage Hub Study Act of 2017 (S. 1075)* is an important step forward. It will help inform efforts to maximize America’s domestic energy and manufacturing potential.” The bipartisan bill is sponsored by Senator Capito and co-sponsored by Senators Manchin and Portman.

“Uncertainty around financing is a key barrier to the development of energy infrastructure in the Appalachian region,” Dooley continued. “Policymakers can help by affirming that NGL storage



and distribution projects are eligible for existing private-public financing programs. As Congress and the Administration consider infrastructure modernization legislation, the Appalachian Hub should be a priority. And a timely and efficient regulatory permitting process is essential.”

ACC’s analysis projects a \$32.4 billion investment in petrochemicals and derivatives and a \$3.4 billion investment in plastic products, put toward the construction of five ethane crackers and two propane dehydrogenation (PDH) facilities. Three of the crackers would produce polyethylene and two would supply downstream petrochemical derivatives. Each PDH facility would contain a polypropylene resin plant. These capital investments are underway and will likely continue through the mid-2020s.

In the United States, chemical companies use ethane and propane, NGLs derived from shale gas, as key feedstocks. Plentiful and affordable supplies of natural gas and NGLs are enabling companies from around the world to build new U.S. facilities or expand production capacity. Since 2010, 301 projects cumulatively valued at \$181 billion have been announced, with nearly half completed or under construction.

IMPLAN is an input-output methodology - an economic model that quantifies interdependencies among industries or economic sectors. It is used by government agencies including the Army Corp of Engineers, U.S. Department of Defense, U.S. Environmental Protection Agency, and over 20 others, and by over 250 colleges and universities, local governments, non-profits, consulting companies, and other private sector companies.

The full-text of the report, *The Potential Economic Benefits of an Appalachian Petrochemical Industry*, is available at www.americanchemistry.com/Appalachian-Petrochem-Study/.

For additional information about the report, please visit:
<https://www.americanchemistry.com/Policy/Energy/Shale-Gas/>.

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The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care®, common sense advocacy designed to address major public policy issues, and health and environmental research and product testing. The business of chemistry is a \$797 billion enterprise and a key element of the nation's economy. It is the nation's largest exporter, accounting for fourteen percent of all U.S. exports. Chemistry companies are among the largest investors in research and development. Safety and security have always been primary concerns of ACC members, and they have intensified their efforts, working closely with government agencies to improve security and to defend against any threat to the nation's critical infrastructure.

