



# News Release

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## **U.S. CHEMISTRY EXPORTS LINKED TO SHALE GAS COULD DOUBLE BY 2030, NEW REPORT SHOWS**

*Historic New Trade Agreements Could Secure Even Brighter Outlook for U.S. Manufacturers*

WASHINGTON (February 25, 2015) – America’s shale gas revolution could lead to dramatic growth in U.S. chemical exports over the next fifteen years, according to a new report from Nexant, Inc., and sponsored by the American Chemistry Council (ACC). Gross exports of chemical products, including plastics, linked to plentiful and affordable natural gas are projected to double, from \$60 billion in 2014 to \$123 billion by 2030. The U.S. trade surplus for the selected chemicals is projected to increase from \$19.5 billion to \$48.3 billion over the same period, with China, Mexico and other Americas remaining the leading net export destinations.

The report, “Fueling Export Growth: U.S. Net Export Trade Forecast for Key Chemistries to 2030,” provides estimates of annual U.S. net trade volumes for 66 chemicals derived from unconventional oil, natural gas and gas liquids; their expected destinations (countries and/or regions); and their potential trade value. ACC and Nexant focused on the trade outlook for products that are expected to see the greatest trade increases as a result of U.S. chemical production gains from 2010 to 2030. While energy markets are dynamic, the conclusions of the report point to a long-term competitive advantage for U.S. manufacturers on shale gas-advantaged chemicals. It’s a follow-up to 2013’s “Keys to Export Growth for the Chemical Sector,” which identified several policy and regulatory changes that could facilitate billions of dollars in new export growth for the industry.

“Boosting exports is one of the surest paths to a stronger economy and new jobs,” said ACC President and CEO Cal Dooley. “Even with the recent drop in oil prices, U.S. chemical manufacturers enjoy a distinct competitive advantage in global markets, which will help them ‘grow the pie’ for other sectors of the American economy.” Chemical companies have begun or are planning 223 shale-related projects to date, including eight announced in December, representing a cumulative investment of \$137 billion. Fully 60 percent is foreign direct investment.

“Free-market access to advantaged feedstocks and U.S. infrastructure are two key reasons more than half of the announced chemical industry investments are coming from outside the U.S.,” said ACC Chief Economist Kevin Swift. “Few places can offer investors the trio of lower-cost feedstock, reliable infrastructure and a regulatory environment that is moving toward supporting rather than hindering competitive success.”

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The new data foretells an even brighter outlook for American manufacturing pending the outcomes of U.S. free trade negotiations that could eliminate trade barriers and expand access to overseas markets. Historic movement toward greater free trade is expected to continue in leading export destinations, which could enable the U.S. to share its shale gas bounty with the world, while cutting down on costs through the reduction or elimination of tariffs and the promotion of greater regulatory coherence.

“Given that net exports of plastics are expected to swell to more than \$21 billion in the next fifteen years, reducing or eliminating protective tariffs could have a large impact on the overall growth of U.S. net exports,” said Greg Skelton, ACC senior director of regulatory and technical affairs. “By solidifying an ambitious free trade agreement with the EU, we estimate 6.5 percent duties on linear low-density polyethylene (LLDPE) to Europe could be eliminated by 2017.”

Japan’s inclusion in the Trans-Pacific Partnership (TPP) as a free trade partner also would help eliminate duties on polyethylene, which currently stand at 6.5 percent for trade between the U.S. and Japan. Were China eventually to join the TPP or negotiate a separate free trade agreement with the U.S., chemical manufacturers could potentially eliminate an additional 6.5 percent in Chinese polyethylene tariffs.

### **Report Key Findings**

- Gross exports of chemicals could double from \$60 billion in 2014 to \$123 billion, while net exports are projected to grow from \$19.5 billion in 2014 to \$48 billion in 2030.
- On a commodity basis, the biggest driver of the improving U.S. trade surplus will be plastics (reaching \$21.5 billion of net exports by 2030, an increase of \$15 billion) and specialties (reaching \$20.5 billion, an increase of \$9.3 billion), with moderate growth in intermediates (reaching \$9.15 billion, an increase of \$3.1 billion).
- Regionally, chemicals and plastics will see a significant rise in exports to destinations like China (reaching \$11.7 billion by 2030, an increase of \$8.7 billion); other Americas (reaching \$10.9 billion, an increase of \$8.6 billion); Mexico (reaching \$13.8 billion, an increase of \$5.4 billion); and Europe (reaching \$5.4 billion, an increase of \$2.6 billion).

The data includes estimates of annual U.S. net trade volumes over the forecast period for 66 chemicals at the Commodity and Category levels, including: plastic resins, petrochemicals, fertilizers, intermediates, inorganics and specialties. The data also indicates the potential value of trade movements from the U.S. to countries and/or regions around the world, including: the Americas (Canada, Mexico, Brazil and others), Europe, Asia (China, India and others) and more distant trading partners, such as the Middle East, Africa and Oceania. This data suggests potential new market access priorities for future U.S. trade policy.

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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 an \$812 billion enterprise and a key element of the nation's economy. It is the nation's largest exporter, accounting for twelve 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.*

