U.S. Chemical Investment Linked to Shale Gas: $179 Billion and Counting

March 2017

Shale Gas – A Game Changer for U.S. Competitiveness

After years of high and volatile natural gas prices, new domestic supplies of more affordable natural gas and natural gas liquids (NGLs) have created a competitive advantage for U.S. manufacturers, leading to greater investment, industry growth, and new jobs. Chemical companies from around the world are investing in new projects to build or expand their shale-advantaged capacity in the United States. As of this month, 294 projects cumulatively valued at $179 billion in capital investment have been announced, with 46 percent completed or under construction and 54 percent in the planning phase. Much of the investment is geared toward export markets for chemistry and plastics products, which can help improve the nation's trade deficit. Fully 62 percent of the announced investment is by firms based outside the U.S.

Economic Benefits of U.S. Chemical Industry Investment

ACC examined* 294 chemical industry investment projects cumulatively valued at $179 billion that had been publicly announced as of March 2017. We analyzed permanent economic impacts as a result of ongoing increased chemical output made possible by lower natural gas prices and increased availability of ethane, an NGL and key chemical feedstock. Findings are summarized below. In addition to the jobs, payroll, and output benefits, the investment would lead to $25 billion in permanent new federal, state, and local tax revenue by 2025.

Economic Contributions from Chemical Industry Investment in the U.S.

From Higher Chemical Industry Output 2010-2025 (Permanent)			
	Jobs	Payroll ($Billion)	Output ($Billion)
Direct	68,686	$6.3	$89.6
Indirect	393,852	$32.2	$145.0
Payroll-Induced	358,862	$18.5	$59.0
Total	**821,399**	**$57.0**	**$293.6**

Government Policies Key to Realizing the Shale Gas Opportunity

A number of key policies will influence whether domestic natural gas and NGL supplies remain robust and affordable and, in turn, whether America's manufacturing renaissance reaches its full potential. They include:

- Access to oil and natural gas reserves on federal, state, and private lands;
- Continuing state-based regulation of unconventional oil and gas production;
- Ensuring a timely, transparent, and efficient regulatory permitting process for manufacturing projects and investments, such as new plants and expansions;
- Expediting the building of infrastructure, such as pipelines, that links energy production to chemical facilities;
- Maintaining accelerated depreciation schedules for chemical industry investments in new plants/equipment;
- Expanding access to foreign markets for U.S. goods.

****Our latest analysis builds on the ACC report, "Shale Gas, Competitiveness, and New U.S. Chemical Industry Investment – An Analysis of Announced Projects." Released in May 2013, it analyzed 97 potential projects valued at $72 billion that had been announced through March 2013, and is available at https://www.americanchemistry.com/First-Shale-Study/. As new projects are announced, we update our figures.

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