

AFPM 2018: USGC still an attractive place for future petrochemical investments

Platts.com, 26th Mar 2018

The US Gulf Coast remains to be the most attractive location for petrochemical investments in North America, despite a growing Appalachian region, executives said Monday.

"Marcellus offers plenty feedstock capabilities, but the vast majority of the projects have been in the US Gulf Coast," said Chet Thompson, CEO of American Fuel and Petrochemicals Manufacturers Association, during a panel discussion at group's annual conference in San Antonio.

Shell Chemicals is the only company so far to announce a project in the Appalachian region. The company has begun construction on a new \$6 billion petrochemical complex in Monaca, Pennsylvania, about 30 miles northwest of Pittsburgh. The complex will house a 1.6 million mt/year steam cracker and three polyethylene plants with a cumulative capacity of 1.6 million mt/year starting in 2020 or 2021.

On the Gulf Coast, easy access to feedstocks, existing storage capabilities and a large network of transportation are some of the major reasons petrochemical producers continue to look at the USGC, the executives said.

"If you look at the North American map of [feedstock] NGL, it looks like a major spider web with the center being Mont Belvieu, Texas," said Mark Lashier, CEO of Chevron Phillips Chemical. "But in the Gulf Coast you also have salt-dome caverns," Lashier said in reference to easy storage facilities for NGLs and ethylene.

A large rail network, along with significant packaging and export facilities, on the Gulf Coast are other reasons many petrochemical investors look towards the region, said Michael Nagle, CEO of Ineos Olefins & Polymers.

"One other major factor is the skilled workforce," Nagle added. With most of the petrochemical facilities located in the south, the workforce is more knowledgeable and better skilled in the region compared, with many training facilities accessible to them, he said.

"All of that make the USGC a great place to invest," Nagle said.