

## **Growing US polyethylene production will mean lower prices for packaging grade: Borealis CEO**

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Austrian petrochemicals producer Borealis is expecting increasing US polyethylene production to lead to lower prices for packaging grade PE, CEO Mark Garrett said Friday.

"The US is going into a period of oversupply, so they are having to 'evacuate the molecules,'" Borealis' CEO told S&P Global Platts in an interview Friday. "[US Producers] have to export to avoid destroying the domestic market".

Polyethylene output in the US continues to rise as more PE plants come online. The US currently has a large supply of ethylene with multiple new developments over the last year and more coming online later this year. Capacity additions that were impacted by extreme weather in 2017 will continue to come online in 2018 and after, with abundant supplies expected over the next five years, according to S&P Global Platts Analytics.

The lack of export terminals for ethylene means the product is being converted into PE for transport. "The US is swimming in ethylene, but cannot export," Garrett said.

Borealis is currently building a new steam cracker and polyethylene unit on the US Gulf Coast in a joint venture with Total and NOVA Chemicals. The project includes the construction of a 1 million mt/year ethane-based cracker at Port Arthur, Texas, and a new 625,000 mt/year polyethylene unit in addition to Total's existing 400,000 mt/year PE facility in Bayport, Texas.

Garrett believes the impact on PE prices will be grade-specific, with wire and cable grade PE that the new joint venture will produce being less likely to be affected than packaging.