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ExxonMobil Perspectives

One word: Plastics

Posted: May 22, 2015 by Ken Cohen

Hollywood tried to make plastics a laugh line in the film *The Graduate* more than four decades ago.

But the truth is, as Mr. McGuire famously told Dustin Hoffman's Benjamin Braddock, plastics and the petrochemical industry have a bright future.

That's because plastics are central to everyday life in the modern world.

Far from being something to laugh at, plastics keep food fresh and prevent spoilage. They are the central ingredients in numerous life-saving medical technologies – try to picture an operating room without them, for instance. And one of the keys to preventing a visit to the emergency room is the plastic in safety equipment – from bike helmets and car seats for babies to life vests and asthma inhalers.

Plastics make large-scale sanitation possible, keeping whole communities clean and safe. Lightweight plastics in cars help increase fuel efficiency, letting you travel further on a tank of gasoline. It should be lost on no one that plastics are vital to the computers and handheld electronics that have transformed the American economy over the last two decades.

And let's not forget that the celluloid the movie industry used for more than a century is itself a plastic. If you saw *The Graduate* in the theater, you were watching a celluloid print.

Plastics offer a lot more than what I just mentioned, of course. The point is that it's virtually impossible to live modern life without plastics, which is one reason ExxonMobil considers it a good business to be in.

Plastics = economic stimulus

That is particularly the case in the United States these days, thanks to the shale energy revolution.

A new report from the American Chemistry Council highlights the rising competitive advantage to the U.S. plastics industry – and to the American economy as a whole – from the abundant supplies of natural gas being produced in places like the Marcellus Shale.

U.S. chemical producers primarily use natural gas-based feedstocks, in contrast to European and Asian competitors who use oil-based ones. Over the last decade, domestic natural gas production has increased 26 percent, lowering the cost of chemical feedstocks in the U.S. This is significant because up to 70 percent of total costs for plastic-resin producers are the energy resources that are the primary raw materials they use.

"A decade ago, the U.S. was among the highest-cost producers" in the world, according to the report. Thanks to shale energy, the U.S. is now one of the lowest-cost producers, competing ably with other regions in the global market.

Shale's competitive advantage

Shale natural-gas production is giving U.S. producers a tremendous advantage over international competitors that is translating into new investment, economic activity, and exports.

The report details nearly $47 billion in investment in new plastics production in the United States over the next decade, much of it destined for sale abroad. Such a large number has a human face: **That investment is expected to create 462,000 jobs tied to shale-advantaged plastics production.**

In addition to these specific gains, the economy at large will benefit from the increased availability of reliable, low-cost plastics products.

For an economy desperately in need of some stimulus, the American plastics industry is doing its part. It looks as if Mr. McGuire was more correct than even he knew.

Category: Corporate Citizenship & Sustainability, Energy and the Economy, Global Trade, Natural Gas

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