

Natural Gas: Critical to the U.S. Plastics Industry

Congressional action is needed to address our country's natural gas problems by passing legislation allowing additional access to natural gas reserves in the Outer Continental Shelf (OCS).

SPI strongly supports legislation to allow states to opt out of moratoria against natural gas development activities in the OCS. This will allow near-term access to the enormous natural gas reserves under our offshore waters.

- This is sound public policy. Natural gas is available, it can be efficiently obtained with environmentally-safe technologies, and it takes advantage of existing infrastructure.
- Increasing supplies will result in lower natural gas prices across the country, helping keep jobs and giving all citizens a better quality of life.

The plastics industry has 1.1 million U.S. workers and relies heavily on natural gas:

- *For Energy...*
 - The U.S. manufacturing sector (excluding electricity generation) uses about 1/3 of the nation's energy, including 40% of its natural gas and 30% of its electricity.
 - Electricity is often generated using natural gas as an energy source. Resin producers, processors of plastic parts made from the resins, and manufacturers of processing equipment depend on electricity to run production facilities.
- *As a Feedstock...*
 - In the U.S., most plastics resin producers use natural gas as the basic feedstock to make products for use in sectors such as automotive and medical.

The plastics industry has been hit hard by high natural gas prices.

- U.S. natural gas prices continue to be the highest in the world. This makes it difficult for U.S. companies to compete with manufacturers in regions such as South America, where prices are below \$2.00/million BTU, and those in the Middle East, where prices are as low as \$0.70/million BTU.
- The plastics sector lost more than 200,000 jobs since 2002, due in large part to high operating costs.

Natural gas legislation is needed to help keep jobs and production in the U.S.

- SPI strongly supported the legislation in the 109th Congress to open more areas of the OCS to natural gas exploration and drilling as a way to help address our country's long-term energy needs.
- Despite the provisions of the OCS legislation in the 109th Congress, future legislation addressing our country's critical near-term natural gas supply problems is needed.