

Polymer packers scramble ahead of US resin export surge

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As petrochemical producers prepare to increase annual US exports of synthetic resins by at least 500,000 TEU within the next few years, polymer packaging companies are racing to add capacity for shipments from Gulf Coast plants.

Interest in export resins extends beyond the petrochemical industry. Houston and other Gulf ports are angling for a share of the increased exports, and shippers of cotton and other commodities are worried that resins will absorb limited empty-container and vessel capacity.

What's clear is that resin exports are about to increase in a big way. Attracted by cheap natural gas feedstocks, producers have announced more than nine million metric tons per year of North American polyethylene (PE) production by 2021. The increased production is centered in Texas and Louisiana, and will be mainly for export. North America's net PE exports are expected to triple to about 9.6 million metric tons per year by 2026, according to estimates from Chemical Week, a sister product of JOC.com within IHS Markit.

Ports and railroads are scrambling for a piece of the action. With so much production practically in its backyard, Houston hopes to handle much of the growth. The Gulf's largest container port handled more than 45 percent of US ports' containerized resin exports in 2016, according to PIERS, another sister product of JOC.com within IHS Markit.

Houston is investing \$1.3 billion in improvements aimed at handling additional volume but currently lacks the necessary container ship services to handle all of the growth. Supply chain managers are pursuing alternative routes using bulk-to-container packaging centers and intermodal rail via the US West Coast, the US East Coast, Mexico, and New Orleans.

"You need to have multiple options and different ways to get there, because Port Houston isn't going to be able to handle it all," Seana Fairchild, senior director of international intermodal sales at Union Traffic (UP) Railroad, said at the JOC's TPM Conference in Long Beach, California, in February.

Investments in packaging facilities underscore the wide net producers and traders are casting for potential export routes. Packagers unload bulk resins from rail hopper cars and bag, store, and containerize the product for truck or rail shipment to ports.

An initial wave of packaging projects is taking shape with new or expanded operations around Houston and along the Gulf Coast, in the Dallas-Fort Worth area, and along the East Coast.

Several packaging operations are scheduled to open by year-end or in early 2018, about the time Dow Chemical, CPChem, and ExxonMobil Chemical manufacturing plants will begin production near Houston.