



MARITIME & TRADE

US ports' battle for resins will intensify in 2017

Joseph Bonney, Senior Editor JOC



Port Houston hopes to expand its dominant share of US exports of plastic resins, but several other ports also are competing to carry more of the growing volume.

During the first ten months of 2016, Houston's resin exports totalled 153,199 TEUs, or 45.7 percent of the overall US volume of 335,329 TEUs, according to PIERs, a sister product of JOC.com within IHS Markit.

New Orleans ranked second with 45,715 TEUs or 13.6 percent, slightly ahead of the combined total at Los Angeles and Long Beach. Rounding out the top ten were New York-New Jersey, with 16,980 TEUs, or 5.9 percent, and Charleston; Freeport, Texas; Savannah; Virginia; and Mobile.

Shifts in those market shares are likely as producers seek the export routes that offer sufficient capacity and scheduling options at the lowest costs and with the fewest bottlenecks.

Attracted by cheap US natural gas feedstocks, petrochemical producers have invested in new capacity that by some estimates could generate 500,000 twenty-foot-equivalent units of annual resin exports during the next few years.

The first wave of this increase is expected during 2017. Nearly 9.4 million metric tons a year of new polyethylene capacity in North America is targeted to begin production between 2016 and 2021, according to IHS Chemical, a sister product of JOC.com within IHS Markit.

Petrochemical producers are still working out details of their export supply chains, and are weighing variables that include vessel capacity, truck and intermodal rail service, packaging facilities and availability of empty containers.

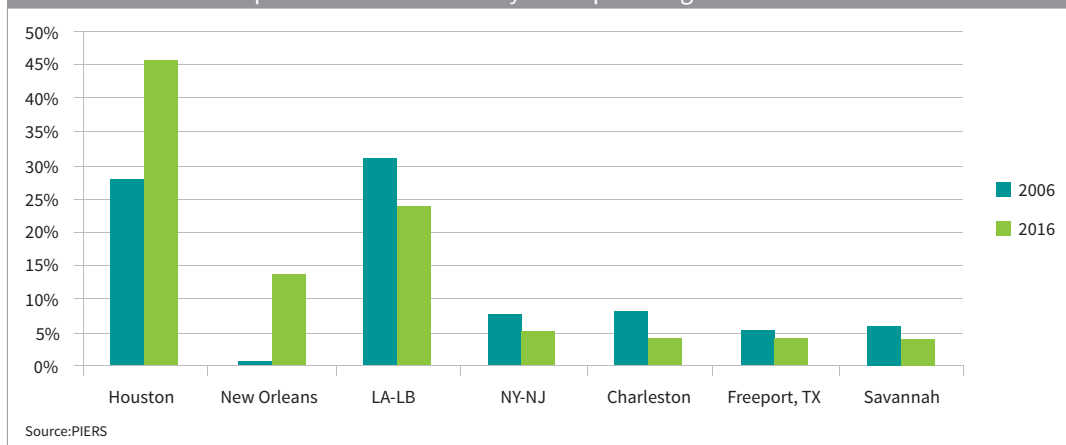
Companies including ChevronPhillips, Dow Chemical, ExxonMobil Chemical and Nova Chemical expect to bring new polyethylene resin production on stream during 2017. Several other new or expanded plants are under construction.

Most of the expanded production is ticketed for Asian markets, which provides an advantage to Los Angeles and Long Beach.

The Southern California ports have multiple daily trans-Pacific vessel calls and efficient intermodal rail connections with Dallas-Fort Worth, where empty containers are abundant and resin packaging hubs are being built to handle transshipments from the Gulf Coast.

Ten years ago, Los Angeles and Long Beach had a slight edge over Houston in containerized resin exports. During the first ten months of 2006, the Southern California ports' resin exports totalled 79,748 TEUs, or 31 percent of the US total, compared to 72,400 TEUs or 28.1 percent for Houston.

Containerized resin export market shares likely to keep shifting



During the last decade, however, Houston's resin exports have more than doubled and its market share has risen from 28.1 percent in 2006, while Los Angeles-Long Beach volumes have declined. Houston's resin exports from January to October of 2016 were up ten percent from a year earlier.

Houston has invested in expansion of its Bayport and Barbours Cut container terminals, deepening its channel to 45 feet, and improving road and rail connections. The port has four weekly container services to Asia.

New Orleans' resin exports during January-October 2016 rose more than 20-fold from the 1,982 TEUs during the first ten months of 2006. The port is aggressively targeting resin shipments from plants along the Mississippi River and around Lake Charles, Louisiana.

In December 2016, New Orleans landed its first Asian service when CMA CGM added the port to an eastbound round-the-world service. Earlier in 2016, Seacor launched a container-barge service that repositions empty containers from Memphis to Baton Rouge and to move loaded boxes downriver for export.

South Atlantic ports are also competing for resin shipments moving via intermodal rail. During the first ten months of 2016, resin exports totalled 13,822 TEUs at Charleston and 13,300 TEUs at Savannah. Resin volumes at both ports down from a year earlier.

For more information www.ihsmarkit.com/maritime_trade

CUSTOMER CARE AMERICAS

T +1 800 447 2273

+1 303 858 6187 (Outside US/Canada)

CUSTOMER CARE EUROPE,
MIDDLE EAST, AFRICA

T +44 1344 328 300

CUSTOMER CARE ASIA PACIFIC

T +604 291 3600

E CustomerCare@ihsmarkit.com

About IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

Copyright © 2017 IHS Markit. All Rights Reserved