

## MEDIA ADVISORY

# Economic Impacts and Market Challenges for the Methane to Derivatives Petrochemical Sub-Sector

**Calgary, Alberta (March 27, 2018)**... The Canadian Energy Research Institute has released its most recent study.

Petrochemical products play a significant role in improving the standard of living in most societies, which is the reason we've seen a rise in both the demand for and supply of petrochemical products for many years now.

The North American petrochemical market is approaching a saturation point for some products due to recent and planned capacity buildups; however, there is growing demand in Asia, particularly, China and India, and other emerging countries. Although Asia is predominantly a demand centre, efforts are underway to increase local production capacity in China and India. Still, feedstock availability and costs remain the main challenges which have led to increased use of coal-derived feedstock for petrochemical production.

Asia's burgeoning petrochemical demand growth and feedstock dilemma present an economic opportunity for North America, particularly Canada and the United States, which have cheap and abundant natural gas feedstock.

The emerging challenge for Canada's natural gas sector is the shrinking market in the U.S. What does Canada do with its natural gas? Can it enhance its use as a petrochemical feedstock? This study evaluates the opportunities and challenges associated with the utilization of low cost, abundant Canadian natural gas resources as a petrochemical feedstock for producing methane-derivatives in Alberta and Ontario. The study also considers the competitiveness of these regions to the United States Gulf Coast.

The opportunities to produce methane-based products are significant, so too are the challenges. The most important of those challenges is the recent corporate tax change in the U.S. CERI's analysis provides a window on the competitiveness opportunities and challenges for the Canadian Petrochemical sector.

Product	NPV Advantage to USGC Compared to Canadian Jurisdictions Due to Tax Code Change (US\$ Million)
Ammonia	24.0
Formaldehyde	0.6
FTS	370.6
Hydrogen	1.7
Methanol	231.1
MTO	28.9
MTG	33.7
MTG	14.3
Urea	17.6

To download a copy of the report, please visit: <https://www.ceri.ca/studies/latest>

To schedule an interview, please contact:

Megan Murphy, Executive Assistant to Allan Fogwill, President & CEO, CERI

Phone: 403-220-2370

E-mail: [mmurphy@ceri.ca](mailto:mmurphy@ceri.ca)

[www.ceri.ca](http://www.ceri.ca)

