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AUSTRALIAN NITROGEN FERTILIZER CEO CONFIRMS UNFETTERED LNG EXPORTS HAVE TRIPLED NATURAL GAS PRICES

Manufacturing facilities are shutting down and households are being hit with high energy bills

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The U.S. and Australia both have a wonderful energy bounty. Australia has allowed global natural gas companies to control its energy with unfettered LNG exports to Asia and we are suffering the consequences.

The U.S. needs to think very carefully before doing the same. What have been the consequences for Australia?

The price of natural gas to industrial customers has tripled and manufacturing plants relying on natural gas have closed, throwing people out of work. Many more plants will close with up to 100,000 jobs at risk.

Households are being hit with high energy bills. A University of Sydney study found that 75% of low income families were reducing their expenditure on food because of soaring natural gas and electricity costs. Surging energy costs will add an estimated \$6,000 to the cost of building a new house. Power companies are making plans to convert from natural gas to coal.

Manufacturing leaders in Australia are “voting with their feet” moving their investment off-shore where natural gas costs are competitive and to where Governments recognize the economic benefits of value-adding to natural resources.

My own company, Incitec Pivot Limited, is spending \$850 million in developing an ammonia plant in Louisiana and has currently shelved plans for a similar plant in Australia. We are a manufacturing company that value-adds to natural resources. For example, we take \$20 phosphate rock and turn it into \$500 fertilizer using natural gas, and directly employing 500 people and indirectly another 2,000 people.

In Australia, our natural resources are owned by the Australian people – not individual landowners – with development in theory administered by Federal and State Governments on behalf of the Australian people.

Under current U.S. law, the U.S. Department of Energy is required to demonstrate that a request to export LNG is in the “public interest.” This is a very good thing. In Australia this test does not exist and successive Governments have allowed unrestricted LNG exports leaving current Governments and ordinary Australian’s with a huge problem.

As a result of LNG exports to Asia, we have imported Asian energy inflation into Australia and now pay the world’s highest price for our own natural gas. Domestic natural gas shortages are emerging but Asian customers are put first and Australian customers last.

Energy underpins a strong, globally competitive economy. In the U.S., the Government controls currently in place to review whether an application to export LNG is in the public interest, have played a major role in ensuring a competitive energy prices which is creating a renaissance in U.S. manufacturing, putting Americans to work and revitalizing communities.

The U.S. finally – after decades – has the potential to become self-sufficient in energy. It’s your birthright. Don’t let global natural gas companies take it away like we have done in Australia.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 1,500 facilities nationwide, and with more than 1.4 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemical, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, brewing, independent oil refining, and cement.

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