



PRESS RELEASE

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AUSTRALIAN REPORT – ILLUSTRATES ECONOMIC DANGERS OF UNFETTERED LNG EXPORTS

A July 2014 report entitled, “Gas Market Transformations – Economic Consequences for the Manufacturing Sector,¹” illustrates the impact of escalating natural gas prices in Australia due to LNG exports driven by OPEC cartel crude oil LNG-linked prices.

“Even though Australia is the third largest producer of natural gas in the world, Australian natural gas prices have tripled in response to the significant LNG exports,” said Paul N. Cicio, President of the Industrial Energy Consumers of America (IECA). “Like the U.S., the Australian natural gas market was once a “free market” whereby domestic supply and demand determined the price. Now, because of LNG exports, natural gas suppliers have ‘market power’ and can dictate higher prices.”

According to the report, Australia will experience the following impacts due to rising natural gas prices:

- Australia’s manufacturing output will diminish by \$118 billion over the next seven years
- 14,600 manufacturing jobs will be lost
- The mining sector will diminish by \$34 billion and the agricultural sector by \$4.5 billion

Australian manufacturers are closing their doors and power companies are taking action to switch from natural gas to coal. The cost of home heating and cooling has also soared.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 2,900 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.

¹ “Gas Market Transformations – Economic Consequences for the Manufacturing Sector,” Deloitte Access Economics, July 2014, <http://pdf.aigroup.asn.au/Deloitte%20Gas%20Market%20Transformations%20-%20Manufacturing%20Impacts%20Report%20-%20web%20final%20-%20July%202014%202014.pdf>