Andrew Liveris

Oral Remarks (unofficial transcript)

Thank you for that great introduction. I’m Andrew Liveris. Thank you here for inviting me to share our democracy, the intersection of government, business, and civil society, practiced in this chamber under your leadership, your collective leadership, is something that an individual like me, a foreigner, living in this great country, does not take lightly.

Thank you very much for inviting us to talk about this very important conversation. As already stated, it has the promise of tapping this vast new natural resource and coming up with a better answer.

This has been called the Shale Gale. It has afforded America a new competitive advantage, advantages which we are now becoming quite familiar with. But it does pose us with these challenges. And I believe our democracy can rise to the better answer by having these conversations.

How much of this natural bounty should we export? I’m here because the answer is neither simple nor just obvious. It actually isn’t binary. It’s not binary to talk about an either/or proposition. It’s not binary to talk about for or against free trade.

As you know the shale gale has fueled not only the increase in natural gas production but it’s provided this manufacturing renaissance. For companies like Dow, the compounds that make up natural gas are the feedstocks for vital manufacturing processes that create value across the entire economy. We use these compounds as the first indispensable ingredient for everything that is made and consumed in this country. So when natural gas is not sold just as an export, when it's used instead as a building block for these manufactured goods, it creates eight times more value across our entire economy. Eight times!

In this way, America's natural gas bounty is more than a simple commodity. It's a once in a generation opportunity for America to export advanced products, not just Btus. It's a unique opportunity to make America's economy stronger, more balanced, more sustainable.

This is not to say that America ought to keep all of this gas on shore. Not at all. Exports are part of America's economy. It's one of the life-bloods of America's economy and the world's economy. The U.S. should lead in both the sale and shipment of the raw material and the finished goods.

But the fact is, if we shipped half or more of this bounty overseas today, as some propose, it will have severe, unintended consequences on the manufacturing sector and the sector inside the United States on prices. Not just domestic companies, because we’re going to have to compete with whatever's left over, not just the effect on us, it would also mean higher gas and electricity prices. Actually higher transportation [?] and utility costs for consumers as well as industry.
These higher and more volatile prices will also cause domestic manufacturers to once again to ship operations and ship jobs overseas – to ship factories overseas where natural gas is cheaper. And there are countries where natural gas is cheaper.

America would sacrifice this once in a generation competitive advantage because gas is not an openly traded commodity. And therefore does not have a world price. European and Asian natural gas prices are actually indexed directly to oil price, which makes them up to five times more expensive than in the United States.

So it’s very easy to see why other nations want our gas. They want to lower their prices. What’s harder to see is why we’d be willing to do that at such a potentially severe cost to the American consumer and the American industry.

Globally, we need to continue our progression to rules-based free trade, especially for gas. And domestically, we need to choose a more prudent responsible balanced approach – an all of the above approach.

This is now in our view a pressing issue. As you are aware, the Natural Gas Act requires the Department of Energy to weigh the public interest in evaluating applications to export liquefied natural gas. Today they are considering 12 applications. Applications that taken together will permit exports equal to half of today's U.S. production. In effect, exporting our competitive advantage away and importing the world oil price for our domestic sector.

Our view is that DOE should thoroughly examine each and every one of these applications, to see what it is on its merits.

And regulators should consider a full array of criteria. They should weigh the impact on everything from food prices to home heating bills to jobs and job creation. Let me be clear. We’re not asking rule-makers to ignore the interests of any stakeholder. To the contrary, we believe that anyone affected by DOE's decisions should be part and have of voice in forming these choices.

If we make these decisions cautiously and incrementally, if we measure the effects of our decisions and adjust our actions accordingly, then we can achieve not just a win-win but a quadruple win. And believe you me I rarely see a quadruple win – rarely in the world of business.

Firstly, energy producers can win. Energy producers can win like those in Alaska because they can explore and export more.

Secondly, manufacturers win, because they access these fuel and feedstocks at stable not volatile prices set by some world oil cartel.

Thirdly, the American people win. They win not just because they won't see the huge spikes in utility bills and home heating bills like they did a decade ago, but they'll actually see lower costs and more jobs for the American consumer.
Lastly the U.S. economy wins. The U.S economy because it will become advantaged, and competitive, better balanced, better insulated from price shocks and volatility, more resilient, and more robust.

So the question in front of us is can we do all this and act in the public interest. This year is only the fourth or fifth year in a 100-year advantage. We have the time. Let's take the time. Let's get this intersection right. Let's manage this with prudence and caution in the public interest. Let's do it in the interest of American workers, American consumers, American industry, American producers. Let's put America first. We should all share that goal. I thank you for the opportunity to discuss it.