METHANOL INSTITUTE STATEMENT ON U.S-CHINA PROPOSED TARIFFS

WASHINGTON, DC, UNITED STATES, August 3, 2018 /EINPresswire.com/ -- Statement of Gregory Dolan, CEO, Methanol Institute:
"Today, China announced that methanol was on a list of $60 billion worth of U.S. imports it plans to apply tariffs on should the U.S. follow through on its July 10th proposal to impose tariffs on $200 billion of Chinese imports, which also targeted methanol. In this tit-for-tat escalating trade war, both countries would impose 25% tariffs on imported methanol.

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> *Gregory Dolan, CEO*

The Methanol Institute (MI) has strongly urged the U.S. Trade Representative to remove methanol from its list of 6,000 products of Chinese goods. Today, imports of methanol from China are not economic so there is essentially no methanol trade flowing from China to the U.S. The targeting of tariffs on methanol imports from China would have no impact other than the action we've seen today, with Chinese retaliation imposing additional tariffs on methanol imported from the U.S.

The call for reciprocal tariffs by China on U.S. methanol could have a deeply harmful effect on the U.S. methanol industry, which is currently experiencing a period of robust growth due to the shale gas revolution. This resurgence of domestic methanol production includes restarting of plants that had been mothballed for a decade, as well as greenfield new builds. Each new methanol plant built in the U.S. drives capital spending of $1.1 billion and an economic ripple effect worth $1.5 billion. Further, a report released in June 2017 by ADI Analytics – commissioned by MI – found that by 2020, new U.S. methanol plant investments of $12 billion would create 5,000 permanent jobs and 19,000 temporary construction jobs, while providing tax revenue of $480 million per year.

The U.S. is now making a critical transition from being a net methanol importer, to becoming a net methanol exporter, and one of the principle potential markets for U.S. methanol exports is China. The potential for high import tariffs placed on U.S. methanol by China could lead to a dramatic slowdown in the domestic methanol industry's resurgence, at a cost of investment, jobs and tax revenue. At a time when the U.S. is poised to significantly expand methanol exports to China, the imposition of tariffs could have the perverse impact of halting this positive trade.

We remain hopeful that the U.S. and China can resolve their differences and prevent further harm to U.S. manufacturers and consumers. Increased tariffs between the U.S. and any of its trading partners hurts American consumers and businesses by increasing the cost of commonly used products and materials and threatens to derail the country's recent economic resurgence."

Methanol, one of the world's most widely traded commodities, is a building block for hundreds of chemicals that touch our daily lives, as well as an emerging alternative energy resource. The Methanol Institute serves as the trade association for the global methanol industry.

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