

THE BIG SQUEEZE – HOW OPPOSING ENERGY AND LABOR TRENDS MAY ALTER PLASTICS

Stephen DeHoff - Stress Engineering Services, Inc.

ABSTRACT

The past couple of years, especially early fall of 2005, have provided a glimpse of possible things to come with regard to energy supplies. Perhaps somewhat less visibly, labor markets are also showing fundamental signs of change. In short, energy is entering a long-term tightening cycle while labor supply has effectively been moving into surplus. The predictable result is, and will continue to be, higher costs related to energy but less money in wages to pay for the higher energy costs and related products. This combination has the potential to cause substantial changes in demand for plastic products beyond just a migration of some polyolefin manufacturing from the U.S. to the Middle East largely due to natural gas costs. Reasonable arguments are possible that large volume consumption based on disposability and convenience could be particularly impacted if the squeeze continues on our domestic mass population.

DeHoff, S., "The Big Squeeze – How Opposing Energy And Labor Trends May Alter Plastics", A Stress Engineering Services, Inc. White Paper.