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Shintech Inc. (Chairman and Founder: Chihiro Kanagawa), a subsidiary of Shin-Etsu Chemical Co., Ltd. in the U.S., has begun to construct a new integrated plant to produce polyvinyl chloride (PVC) from salt. The new plant will be on industrial site developed by Shintech, located next to Shintech's existing plant in Plaquemine, Louisiana.

Shintech obtained permits to build a plant capable of producing 1.9 billion pounds (860 thousand tons) per year of vinyl chloride monomer (VCM), the raw material of PVC, and 660 thousand tons per year of caustic soda, and has commenced construction of the first phase of the plan. The first phase will increase production capacity by 640 million pounds (290 thousand tons) of PVC per year and 270 thousand tons of caustic soda per year. The amount of this investment is expected to be \$1.49 billion, which Shintech will fund by itself. Completion of the construction is targeted for the end of 2020. Annual production capacity after the completion of the first phase will be 7.14 billion pounds (3,240 thousand tons per year) of PVC and 1,570 thousand tons of caustic soda per year.

Shintech, which commenced PVC production in the state of Texas in 1974, established its business foundation in the country where country risk appeared to be relatively low. The company owns a vast amount of property in Plaquemine, Louisiana. Shintech has received strong support and understanding from both state and local governments in Louisiana while establishing favorable relationships with local communities.

When Shintech decided to construct an integrated production facility for PVC in Louisiana in 2004, very few expected that shale gas and shale oil would turn around the energy and feedstock situation in the U.S. the way it turns out today. The advancement of shale gas and shale oil thereafter in the U.S. has been astonishing. At present, ethylene using local natural gas as a raw material has established its competitive advantage in comparison with ethylene using highly priced crude oil as a raw material, and this has boosted Shintech's competitiveness in terms of procurement costs.

Since the completion of the integrated PVC production plant in Plaquemine, Louisiana in 2008, Shintech has expanded and raised production capacity three times and is now building an ethylene plant. Meanwhile, world demand for PVC has increased almost in line with global GDP growth. According to industry data, world demand for PVC reached 43 million tons per year in 2017. In the meantime, lagging PVC supply capacity compared to growth in demand increases the operation rate of PVC producing facilities. It is expected that this trend will continue in the future. Similarly, global demand of 77 million tons of caustic soda per year in 2017 has recently been outpacing supply, and this trend is expected to continue.

Shintech will leverage the advantage of favorable raw material economics in the U.S. to steadily meet increasing demand in the U.S. and the rest of the world, with plans to further increase its capacity in a timely manner.

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