



NEWS from U.S. Senator Bob Dole

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DOLE INTRODUCES ALLOCATION OF PLASTIC FEEDSTOCKS

WASHINGTON, D.C. -- Introducing his bill which would provide for the mandatory allocation of plastic feedstocks, Senator Bob Dole said today that failure of Congress to act quickly on the legislation "could ultimately lead to the demise of the independent plastics processing industry, lead to further inflationary trends throughout the economy, and foster anti-competitive practices in the petrochemical industry."

Dole said that of the over 8000 plastics processors in the United States, about 6500 are independent companies. "These processing companies produce a wide range of plastic products used by everyone and ranging from pipe fittings vital to the oil industry to food containers," he explained. "Many plastics processors are located in the Kansas City area and most of these are suffering a severe financial hardship."

"Nationwide, over 500 independent processors have already been forced out of business for lack of new materials. And it is estimated that in the next 4 to 6 months, an additional 1,000 processors will be forced to close their doors, resulting in high economic and job losses."

"The major chemical and oil companies which produce plastic feedstocks are engaged in their own downstream plastics processing through their subsidiary processors. These subsidiary or 'captive' processors are in direct competition with the independents."

"Under normal circumstances, the major companies produce more plastic feedstocks than their own 'captive' processors use. However, the shortage of petroleum products has resulted in a cutback in the production of plastic resins. As might be expected, the majors have supplied their subsidiaries first, letting the independents have what is left over. Under circumstances of a shortage, the independents are bound to be forced out of business unless some provision is made for equitable distribution. The Plastic Feedstocks Allocation Program set forth in this bill is designed to provide a more equitable distribution."

"It is not the intent of Congress or the Federal Petroleum Allocation Program to force the independent plastics processors into ruin," Dole added. "The independents need, and must have, an adequate supply of plastic feedstocks to stay in operation. They are asking for an equitable and fair distribution of materials which will not disrupt and dislocate markets, force them out of business, and lessen competition, as is now the case. I do not think this is too much to ask for."

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