

## UZBEKISTAN: ADB to Help Develop Uzbekistan's Largest Petrochemical Plant

The Asian Development Bank (ADB) has approved a loan and political risk guarantee totaling up to USD 400 million to help build the largest-ever petrochemical plant in Uzbekistan.

The Surgil Natural Gas Chemicals Project will produce gas for commercial use and for conversion into chemical intermediates used in the plastics and textiles industries. The developer and operator, Uz-Kor Gas Chemical LLC, is a joint venture company owned by state-controlled oil and gas company National Holding Company Uzbekneftegaz, and a consortium of Republic of Korea companies, comprising Korea Stock Exchange-listed Honam Petrochemical Corporation, Korea Gas Corporation, and STX Energy, a unit of STX Corp.

"Instead of simply extracting gas and treating it for energy use, the project will also process a portion of it into chemical raw materials for exporting to plastics and textiles producers. That means Uzbekistan gets more bang for its buck out of its natural resources," said Thomas Minnich, Senior Investment Specialist in ADB's Private Sector Operations Department "ADB's provision of a partial risk guarantee has helped draw in commercial lenders to the project and that could spur further foreign investment in this key sector."

Uzbekistan is the second largest gas producer in the Commonwealth of Independent States behind the Russian Federation, with total reserves of 59.4 trillion cubic feet. However, the petrochemical industry in Uzbekistan is very small, meaning the country gets less benefit than it should from its abundant gas reserves. Developing the domestic petrochemical sector will diversify the country's economy, generate additional revenues, and create jobs.

The project, which is located about 1,300 km from the capital Tashkent in the Karakalpakstan region, will have supply capacity of about 4.5 billion m<sup>3</sup>/y of natural gas throughout the life of the project. It will include production wells, pipelines, ethylene cracker, polymer plants, and onsite power generation.

The total project cost is about USD 4 billion with financing to come as well from Export Import Bank of Korea, Korea Trade Insurance Corporation, China Development Bank, National Bank of Uzbekistan, European export credit agencies and international commercial lenders. It will demonstrate the viability of large-scale domestic/foreign joint ventures and could pave the way for future foreign direct investments in Uzbekistan's private sector manufacturing industry.

ADB's participation will also help ensure that the facilities comply with internationally acceptable environmental, health and safety standards.

ADB is providing a 13-year loan of up to USD 125 million and a 13-year guarantee of up to USD 275 million which will cover certain risks on loans extended by commercial lenders to Uz-Kor Gas Chemical. The plant is expected to be operational in early 2016.

Source: "Asian Development Bank", Manila; 25 Jan 2012  
(Syed Rashid Ali, Karachi, Pakistan)

### Adresse:

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