

MIDDLE EAST: Major investors eye GCC petrochemical industry

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The petrochemical industry in the Gulf Cooperation Council (GCC) region has become a major investment opportunity for the Gulf states as they set to become the world's largest source of polyethylene and polypropylene.

"The region is in the middle of a large bubble of investments much of which has already started up actually," said Tony Potter, managing director of Chemical Market Associates in Dubai.

"In 2007 ethylene was about 15 million tonnes including Iran. By the end of this year, it will be 30 million," he said.

The polyethylene production capacities in the GCC are expected to increase from 10.7 million tonnes in 2009 to 21.5 million tonnes by the year 2015, according to the latest statistics.

The production of polypropylene is also expected to increase from 4.8 million tonnes in 2009 to 9.5 million tonnes by 2015, almost double the volume, said Satish Khanna, General Manager of Al Fajr Information and Services, the organisers of ArabPlast Exhibition.

This is also expected to bring the combined production capacities of the two major polyolefin resins to over 31 million tonnes by 2015.

"There's a push for polypropylene because there's demand from the plastic sector," Khanna said. "It's going into aircraft and automobiles so there's a lot of growth in these sectors."

While a lot of this new capacity has already started up, the challenge was to run at full capacity and produce as much as they can, Potter added. "So it's not a new story."

"The issue is who's going to produce it more competitively," he said.

The Middle East currently supplies about 25 million tonnes of the global demand which stands at 120 million tonnes.

Most of that was produced for export. Potter said that the volume of exports from the region was expected to increase in the next few years as full production capacity had not yet been reached.

Borouge, a UAE plastics solutions company, said it was investing in an innovation centre in Abu Dhabi scheduled to be ready by the end of 2011.

The company has also expanded the annual capacity of its Ruwais plant, Abu Dhabi to two million tonnes of polyolefins.

"With the introduction of 2.5 million tonnes by mid 2014, the annual capacity of the plant will be further expanded to 4.5 tonnes," said Hussain Sultan Lootah, Borouge's Middle East Senior Vice-President.

(Syed Rashid Ali, Karachi, Pakistan)

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