

SABIC and the Petrochemical Industry in the Middle East



Presented By:

Mutlaq H. Al-Morished , Vice President Corporate Finance, Saudi Basic Industries Corporation (SABIC)

On the 27 September an assembled company of a hundred RGBB members and their guests were treated to an excellent presentation from SABIC's VPCF.

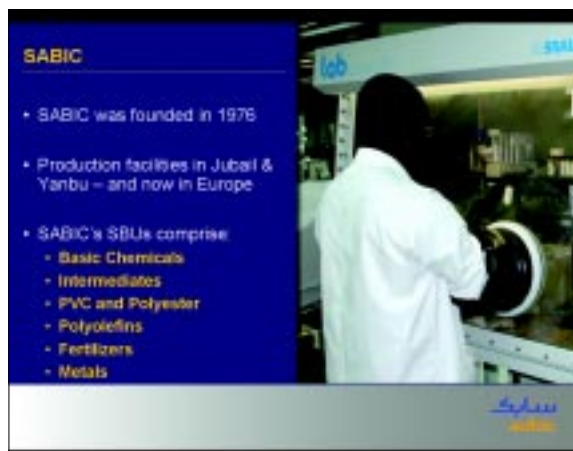
The guest speaker was given a glowing introduction by H.M. Ambassador, Sir Sherard Cowper-Coles who told the company of Mr Al Morished's extensive qualifications and experience.

Beginning his talk with a discussion on Oil prices and the knock-on effects, Mr Al Morished told the audience that despite the apparent high level of pricing, the demand for petrochemicals continues to exceed the possible supply.

Listeners were advised that Petrochemical margins were continuing on an upward level, though he cautioned 2008 might see a change in direction.

The industry's centre of gravity was undoubtedly switching to what he termed "Best Cost Areas" making the Middle East the prime location for new facilities.

The GCC's current production capacity represents around 7% of global production with Saudi Arabia accounting for about 76% of this capacity. "So," he advised "even with a 50% increase in GCC capability, this would still be only a small part of the global supply."



Mr Al Morished pulled out some quite staggering numbers:

- Investment in GCC's petrochemical industry in 2004 was US\$ 29 billion
- US\$ 40 billion expected in the next five years
- SABIC plans to invest US\$ 20+ billion in the next three years
- Iran's 10 year plan earmarks US\$ 27 billion for petrochemicals
- Liquid chemical exports from the GCC states and Iran were 16.6 MMT in 2004
- Existing plants are projected to export 18.4 MMT in 2005
- A major change would occur in 2007 when exports expected to reach 32 MMT, and ... 48 MMT in 2008

"And" he continued "by 2008, 80% of GCC production will be exported.