

## 2.3: Industrial Oil & Gas Downstream Chemicals Manufacturing

### OPPORTUNITY OVERVIEW

Chemicals constitute Kuwait's second largest manufacturing industry. Kuwait produces ethylene, polyethylene, urea, ethylene glycol and chemical catalysts. Kuwait's chemicals industry primarily services Asian markets such as China and India which have strong domestic demand for chemicals.

Kuwait's largest petrochemicals manufacturer, the Petroleum Industries Company, has proposed to undertake the Olefins III project and a PTA/PET project to increase Kuwait's production capacity from 7.6 Mn tons in 2014 to 10.3 Mn tons by 2016, mainly driven by increase in polyethylene and ethylene glycol capacity.

The construction of the 615,000 b/d Al-Zour refinery project, together with the planned upgrade of the Mina Abdullah and Mina Al-Ahmadi refineries are expected to increase Kuwait's refining capacity from the current 936,000 b/d to over 1.5 Mn b/d and in turn strengthen Kuwait's petrochemical sector.

Kuwait petrochemicals sector - chemicals capacity		
in '000 tpa	2014e	2019f
Ethylene	1,700	3,100
Polyethylene	825	1,800
Polypropylene	160	160
Benzene	370	370
Ammonia	885	885
Urea	1,040	1,040
Xylenes	822	822
Ethylene glycol	1,000	1,600
Ethylene oxide	765	765
Total	7,567	10,542

There could be opportunity for international investors to participate in the Olefins III and the PET/PTA projects which seek to double Kuwait's production capacity for ethylene and polyethylene

- Increasing demand for chemicals in Kuwait's key Asian export markets is expected to drive the chemical manufacturing industry in Kuwait.
- Though domestic demand for chemicals is currently low, it is expected to increase as a result of Government's focus on the manufacturing sector and increasing industrial output.
- The projects at Al Zour, Mina Abdullah and Mina Al-Ahmadi are expected to increase availability of naphtha which can be used as an alternative feedstock for petrochemicals, alleviating concerns around shortage of gas feedstock.

