

11th BIENNIAL INTERNATIONAL
PHYGITAL CONFERENCE & EXPO

INDIA
CHEM
2021



gopca
GULF PETROCHEMICALS
& CHEMICALS ASSOCIATION
الاتحاد الخليجي للبتروكيماويات والكيماويات



सत्यमेव जयते
Department of Chemicals and Petrochemicals
Government of India



CONCLAVE ON GLOBAL PETROCHEMICAL INDUSTRY IN SYNERGY WITH GCC

Thursday, 18 March 2021

India-GCC Relations – Strengthening the bonds through petrochemicals

Dr. Abdulwahab Al Sadoun

Secretary General, Gulf Petrochemicals & Chemicals Association

Introduction to GPCA

GPCA was founded in 2006 and has been growing in both its reputation and influence to become the *voice* of the chemical industry in the Arabian Gulf



Key Roles

- Platform for knowledge sharing
- Advocating the industry's common position
- Trusted source of industry relevant information
- Driving EHS&S excellence
- Fostering the creation of innovation culture

Agenda

- **The GCC Chemical Industry @ a Glance**
 - GCC chemical industry global position
- **GCC – India Chemical Trade Pattern**
 - GCC Export to India
 - GCC Import from India
- **Future Outlook & Untapped Opportunities**
 - GCC Planned Investment in India
 - Indian Investments in the GCC Chemical sector
 - Exploring long term strategic partnerships opportunities



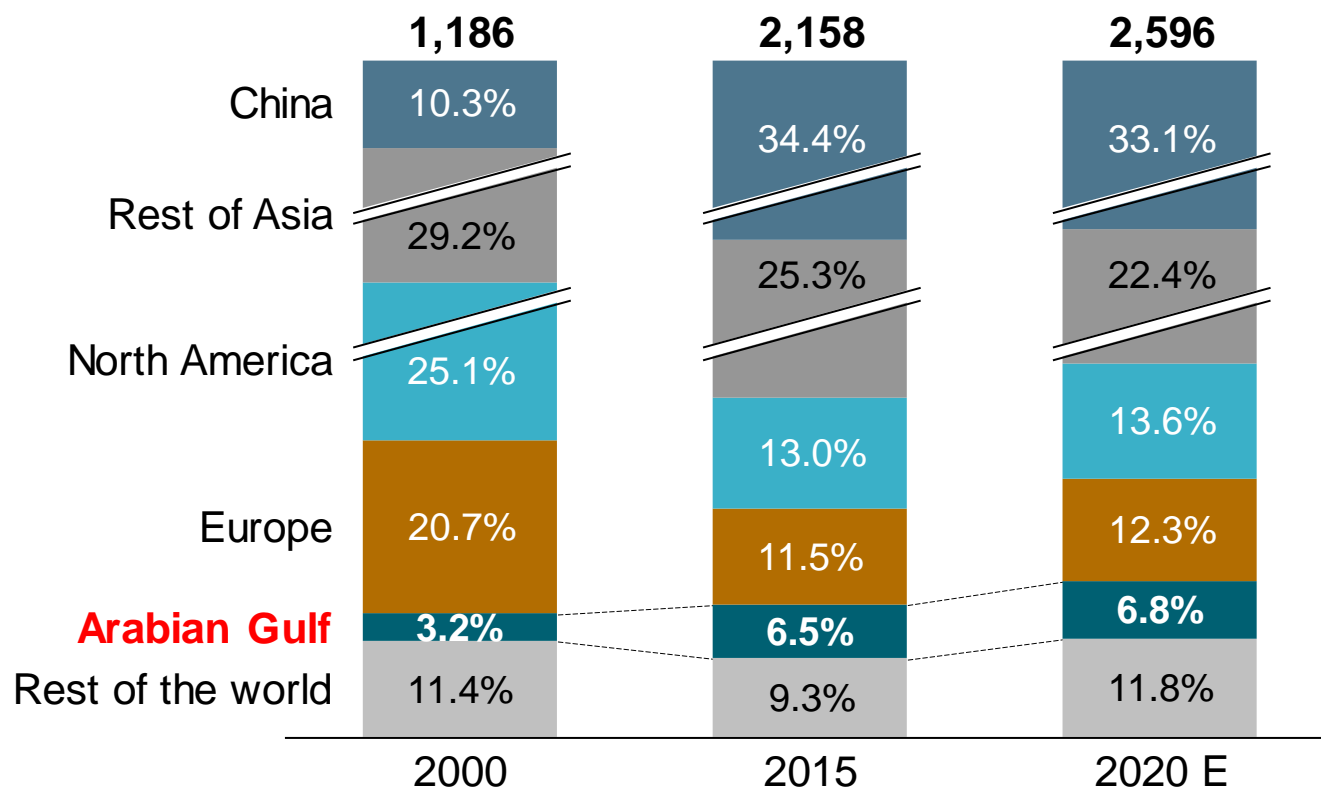
**The
GCC Chemical Industry
@ a Glance**



The GCC Chemical Industry Global Positioning (1/2)

The Arabian Gulf is a global hub for the commodity chemicals production and its global position is steadily rising, doubling over the past two decades

Production Capacity of the Global Chemical Industry by Region
(Millions Tons and Market Share)



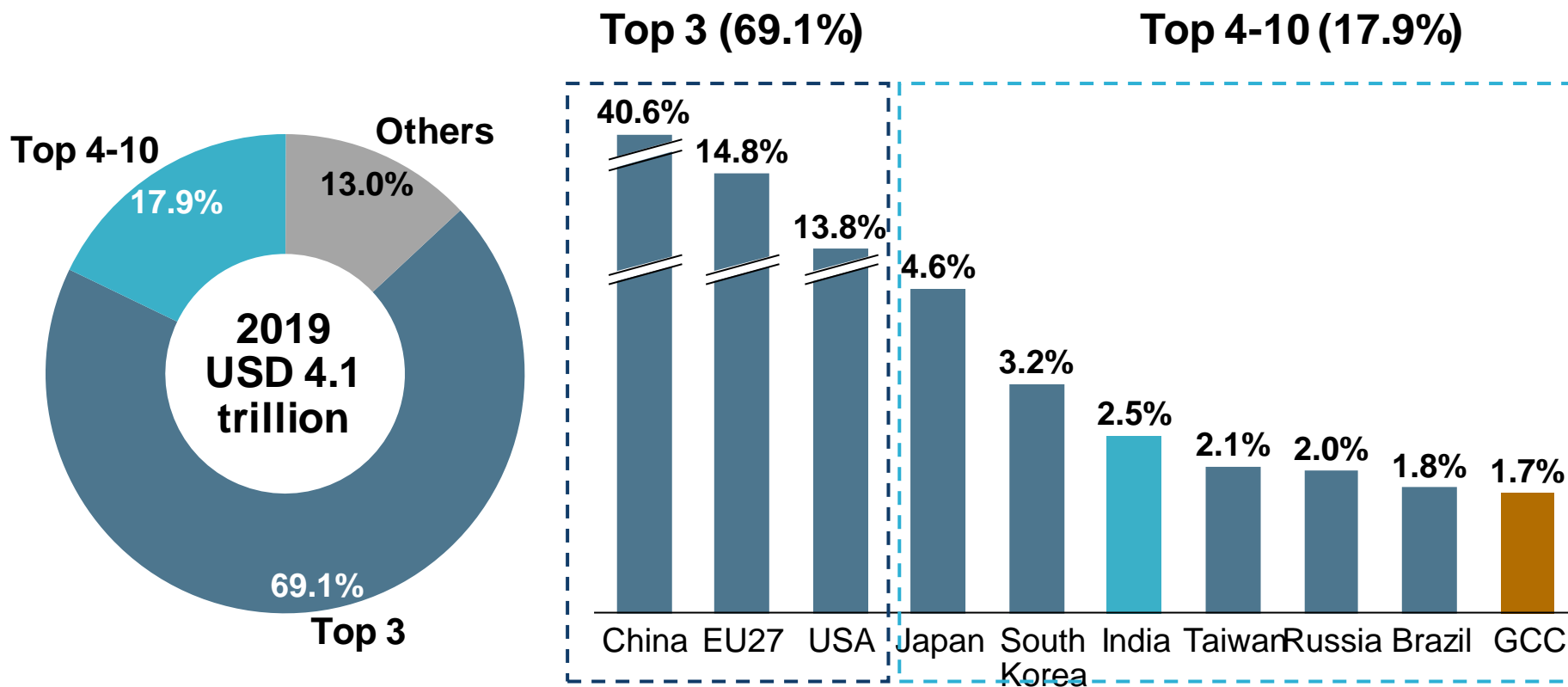
Source: ICIS and GPCA estimates, 2020

Note: 2020 global figures are estimated

The GCC Chemical Industry Global Positioning (2/2)

Being predominantly commodity producer, the GCC industry is ranked 10th globally in terms of chemical revenue generation

Top 10 Countries in Global Chemical Revenue (2019 Market Share)



Source: Cefic Chemdata International, GPCA, 2020

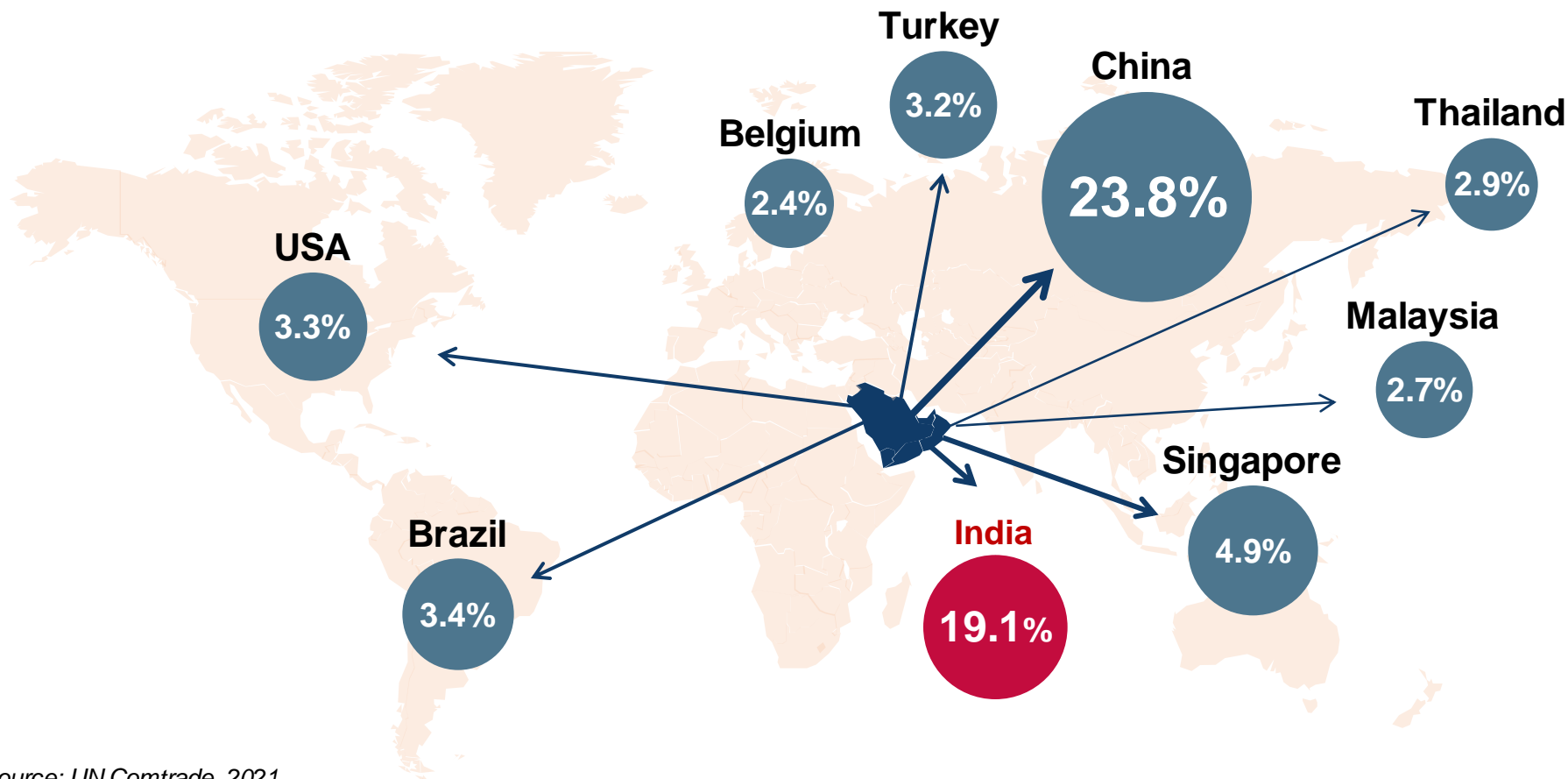
GCC-India Chemical Trade Pattern



Chemical Trade Patterns – GCC Export to India

India is the 2nd largest trading partner for the GCC industry accounting for 19% of total exports, with Saudi Arabia and Oman accounting for 62.4% of total GCC exports to India

Top 10 Destinations for GCC Chemical Exports (2019)

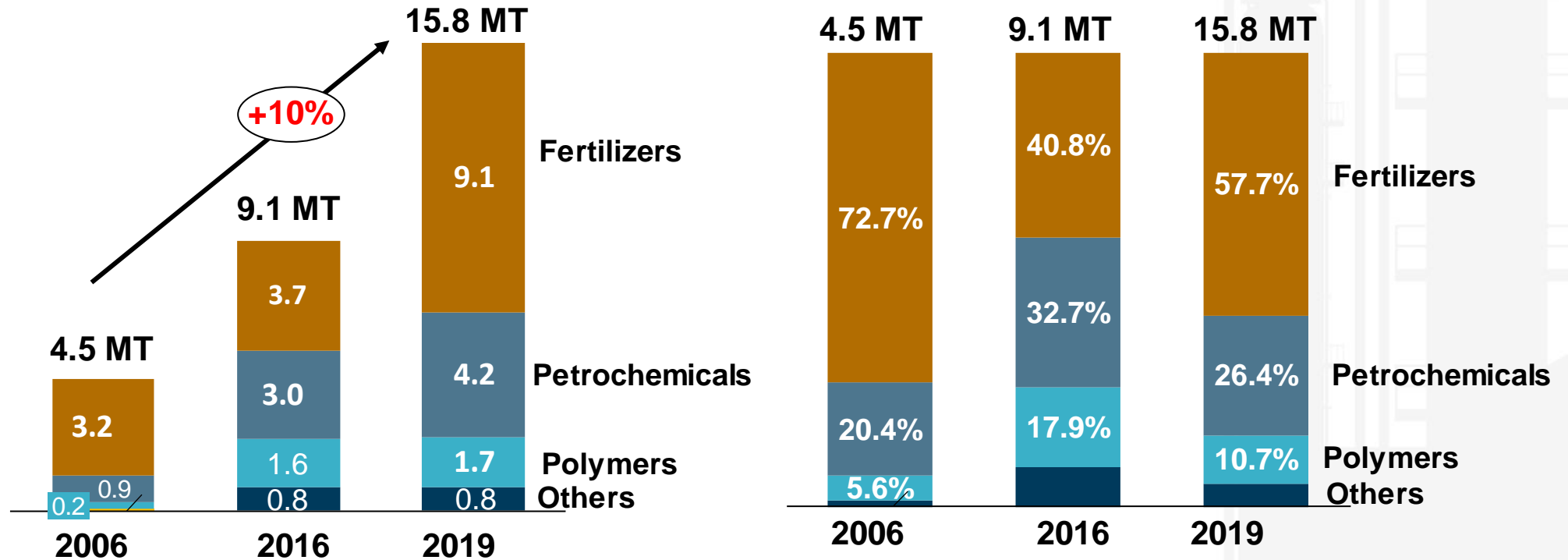


Source: UN Comtrade, 2021

Chemical Trade Patterns – GCC Export to India

GCC chemical export to India tripled over the Years 2006-2019 with Fertilizers retaining its lion share and export revenue reaching USD 7.2 Bn in 2019

GCC Chemical Exports Volume to India (by product segment)



Fast growing trade between India and the GCC has cemented the **interdependence** of both countries/region, which will further intensify

Source: UN Comtrade, 2021

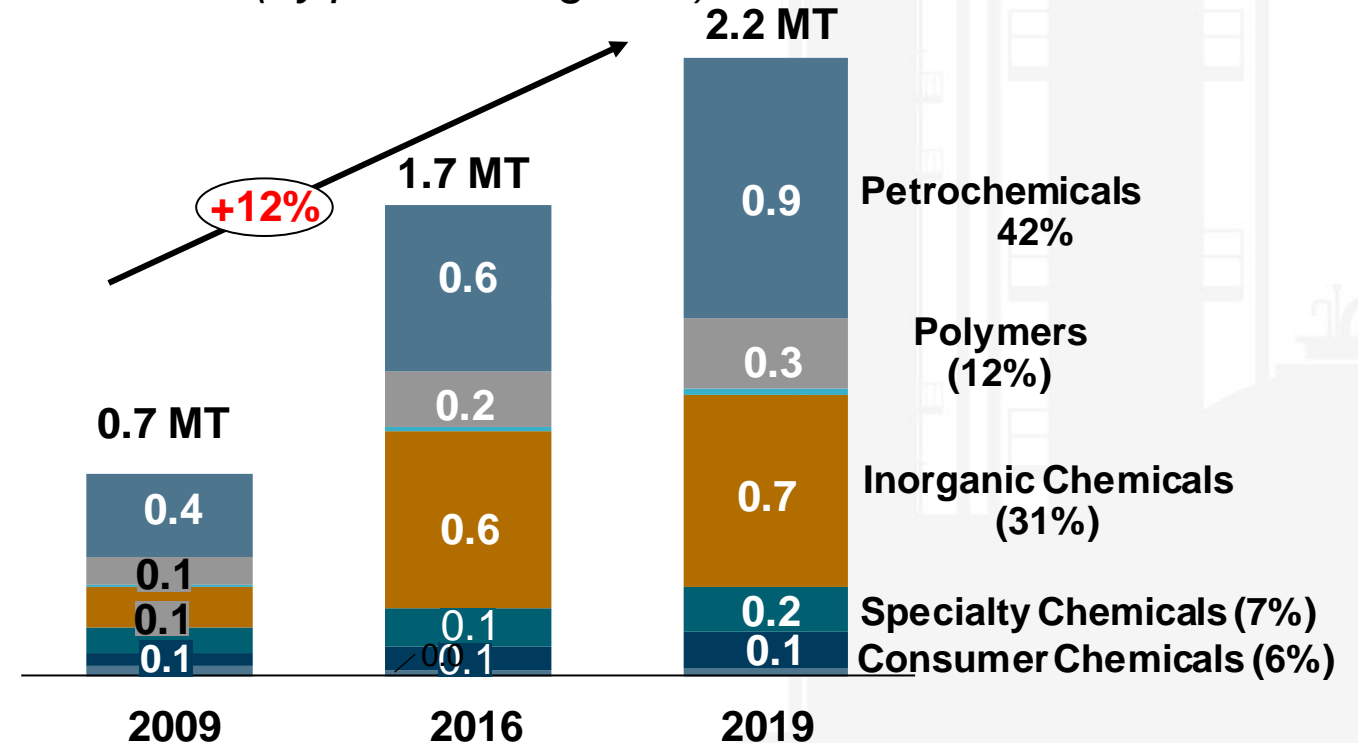
Current Bilateral Relations: Imports from India

GCC chemical import from India has tripled over the past decade rising with petrochemicals and inorganic chemicals being the largest product segments

Over the past decade:

- GCC chemical import from India increased at a CAGR of 12%, tripling from 0.7 Million Tons to 2.2 Million Tons
- Petrochemicals and Inorganic Chemicals account joint for 73% of total import
- In 2019, Chemical import from India valued USD 2.1 Bn

GCC Chemical Import Volume from India
(by product segment)

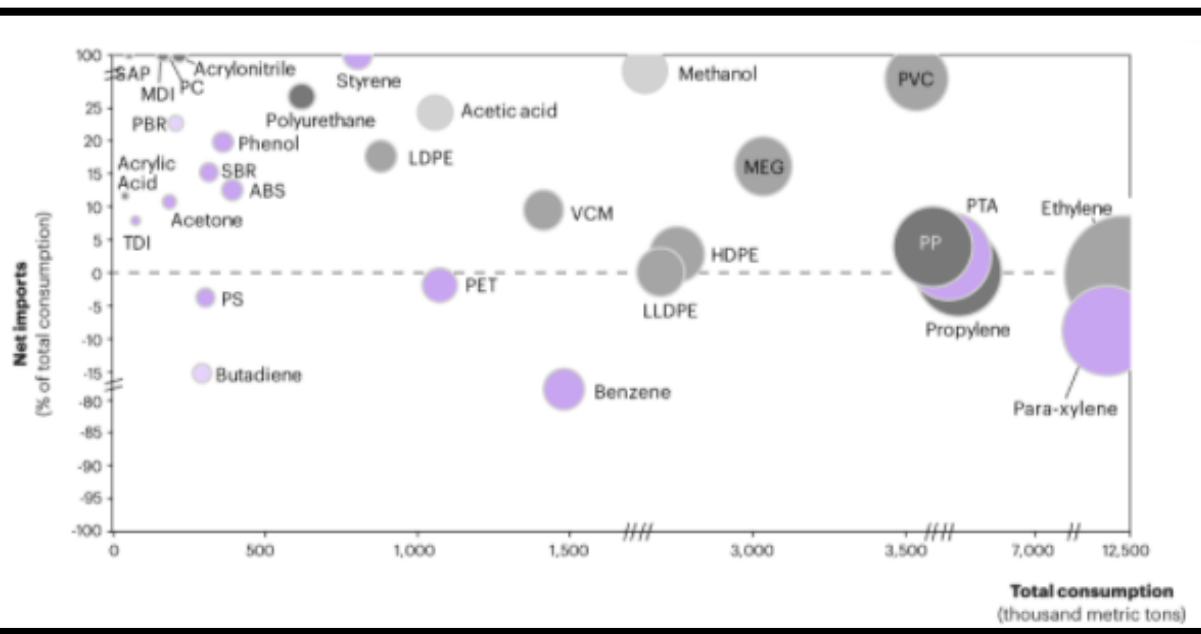


Source: UN Comtrade, 2021

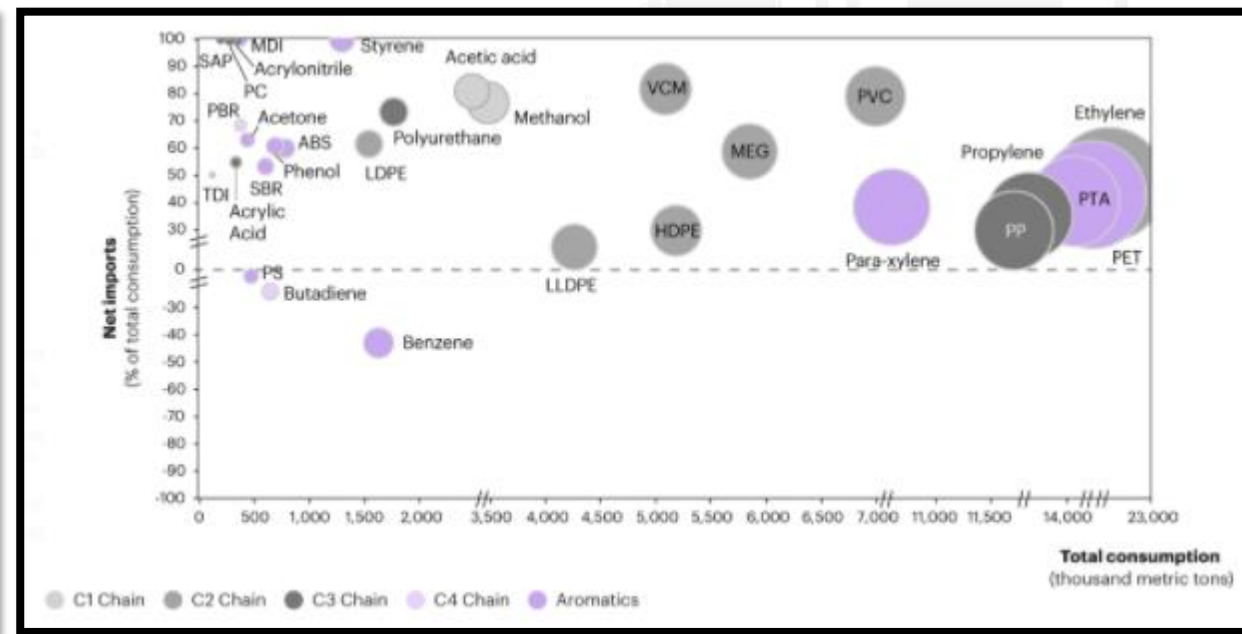
India's Chemical Consumption vs. Imports

India is highly dependent on import of key chemicals. Though in 2019 domestic production surpassed local demand, rising demand is projected to again outstrip local production for key input materials by 2030 (e.g. LLDPE, HDPE)

India Petrochemicals Import vs. Demand (2019)



India Petrochemicals Import vs. Demand (2030)



Source: AT. Kearney, GPCA Research, 2020

Future Outlook and Untapped Collaboration Potential

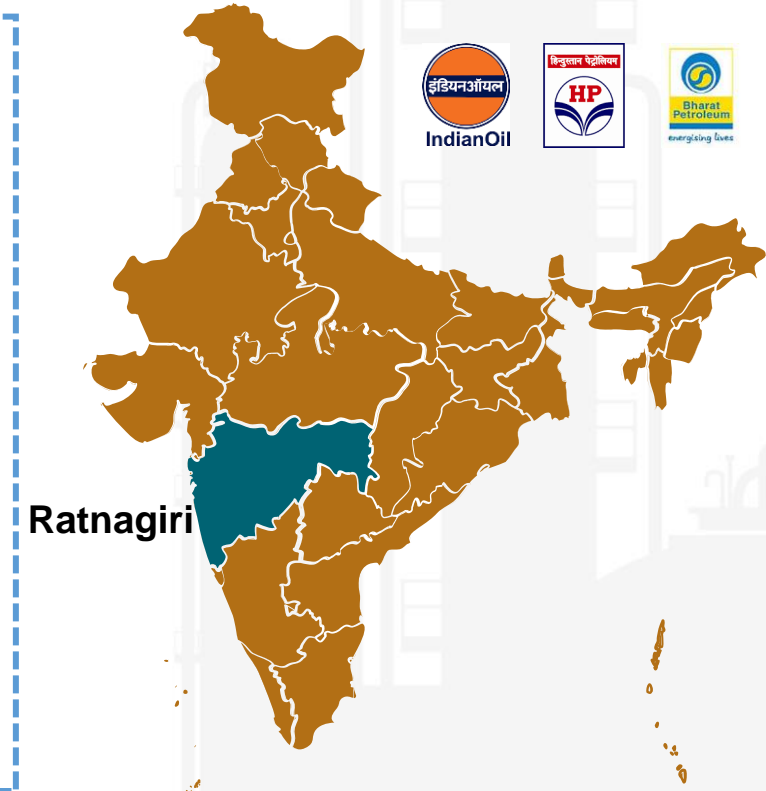


Future Outlook - The GCC Planned Investment in India

Saudi Aramco & ADNOC sign Framework Agreement and MoU with Indian Consortium RRPCL in 2018 to jointly pursue Ratnagiri Mega Refinery



- Saudi Aramco, ADNOC and consortium signed an **USD 44 billion investment** (final outlay estimated at USD 70 billion)
- Explore **strategic partnership and co-investment** in the development of a new mega refinery and petrochemical complex at Ratnagiri on India's west coast
- 1.2 million barrels per day integrated mega refinery and petrochemicals complex
- **Status:** Some delay

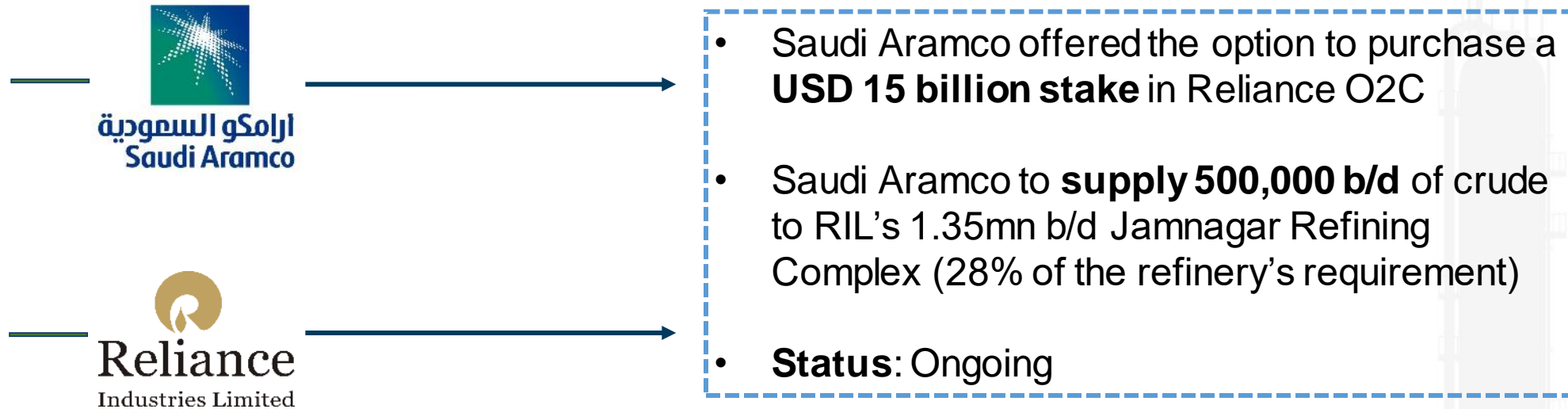


Saudi Aramco & ADNOC will deepen their engagement in **India's** fast-growing oil and gas sector through this project. This will position all parties for **future collaboration** as a key element of the country's **global downstream industry**

Source: GPCA Research, 2020

Future Outlook - The GCC Planned Investment in India

India's Reliance Industries is set to sell 20% stake in its oil to chemicals business to Saudi Aramco giving better access to a fast-growing market.



*The agreement signed in 2019 defines the principles of strategic cooperation for **Saudi Aramco** with **Reliance Industries** to expand its refining and marketing footprint globally and see growth in chemicals as central to its downstream expansion strategy*

Source: GPCA Research, 2020

Indian Chemical Investments in the GCC

Though the Indian investment in the Arabian Gulf Region is limited to the OMIFCO JV in Oman, more recent downstream investment announced in KIZAD in the UAE



2005

Investment value: USD 968m JV (50% Oman Oil, 25% KRIBHCO, 25% IFFCO)

Location: `Sur, Oman

Sector: Fertilizers (Urea, Ammonia)

Production Capacity: 1.65 Million Tons/Year (Urea)



2020

Investment value: USD 55m

Location: greenfield site at KIZAD's Polymer Parks, UAE

Sector: Plastics (packaging films)

Production Capacity: 30,000 MTY of plastic good

Source: GPCA Research, 2020

GCC-India Strategic Partnerships

Several opportunities exist to transform the India-GCC relationship into strategic partnership to be captured

Areas of Impact

Strategic Implications



Trade

Free Trade Agreements between India and the GCC including **preferential market access**, regulatory convergence (standards and technical regulations), more liberal trade remedy disciplines will positively impact the chemicals trade between both regions



Investment

GCC is moving from trade-focused relations to investment-focused relations with India. Investment protection and lowering of barriers to investment will improve the transparency of foreign investment policies and ensure that foreign-invested enterprises participate in market competition on an equal basis and increase convergence and consolidation opportunities



Research & Innovation

Collaboration in research and innovation between the GCC and India is increasing and will depend on the innovation ecosystem, IP protection, joint R&D programs. Collaboration will require participation from all parties: academia, industry and governments

There is a complementary partnership between the GCC and India, where the abundance of natural resources in the GCC fuels the growing downstream industry in India

Source: GPCA Research, 2020

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Thank you!

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