

# Investing in petrochemicals

## INTERVIEW WITH SHEIKH MUBARAK AL-ABDULLAH AL-MUBARAK AL-SABAH

CHAIRMAN, QURAIN PETROCHEMICALS INDUSTRIES COMPANY (QPIC)



SHEIKH MUBARAK ABDULLAH AL MUBARAK AL SABAH holds an M. Phil Degree in International Relations from Pembroke College, Cambridge and is a graduate of The Royal Military Academy, Sandhurst. He served as a Captain in the Kuwaiti armed forces before commencing a career in the private sector. In addition to serving as Chairman of QPIC, Sheikh Mubarak is the founder of Action Group Holdings. He is also Vice Chairman of the Board of Trustees of The Abdullah Mubarak Foundation, which focuses on providing funding and scholarships to further Islamic Academia.

### What is the background to QPIC?

Qurain Petrochemical Industries Company (QPIC) was set up in 2004 as part of KPC's strategic initiative to encourage more private sector participation in major petrochemical projects in Kuwait. QPIC is focused on investing directly and indirectly in companies producing, trading and storing chemical and petrochemical products and related by-products.

### How is QPIC structured?

QPIC is a shareholder in major petrochemical projects in Kuwait such as: EQUATE, The Kuwait Olefins Company, Kuwait Aromatics Company and The Kuwait Styrene Company. Furthermore, QPIC is a major shareholder in the Algerian Methanol Company, and is actively investigating local, regional and international opportunities as part of its long-term strategy.

### What is QPIC's role within the Kuwaiti Government's oil strategy for adding value to its oil and gas activities?

In addition to being a major oil exporter to the world, Kuwait has three refineries that export a variety of fuel and petrochemical feedstock products to Asia, Europe and the North American regions.

QPIC takes the initiative in building the industry of commodity and specialty products in Kuwait, which allows for (1) increasing the local demand for oil and refinery products, (2) adding value to the oil and gas streams, and (3) providing the know-how and job opportunities for the Kuwaiti public. The Kuwaiti government has set up a plan to build a world scale fourth refinery; whereas QPIC envisages various opportunities to expand the petrochemical industry in Kuwait.

### How do you see the role of private investors developing in the petrochemicals sector in Kuwait?

QPIC was set up to facilitate private investment in the petrochemical sector and is listed on the Kuwait Stock Exchange under 'ALQURAIN'. With coordination between the private sector and the government, Kuwait's petrochemical industry can be a beacon for the development of the industry in the Gulf. The Government has already entered into several successful joint ventures with overseas companies. But given the availability of feedstock much more remains to be done to expand the petrochemicals sector. The private sector has helped by

speeding up the development processes and pushing for increased competitiveness and profitability in the sector. In comparison with other countries in the Middle East it is clear that the Government can do more to assist the development of the petrochemical sector. The advantages inherent to the Arabian Gulf region, such as availability of feedstock, need to be taken advantage of.

### Do you see specialisation as the way forward for the Kuwaiti petrochemicals sector?

We have some way to go before we can begin specialising. We need to develop advanced industrial areas, and build research facilities first for the effective transfer of technology. But we have seen the role that international partnerships can play in developing the technology we need. QPIC is always interested in talking to global players with expertise and experience, and we are constantly on the lookout for investment opportunities.

### What new initiatives have you launched recently?

QPIC has set up the United Petrochemical Company and received all required licenses for the development of PTA and PET plants in Kuwait. The project will become Kuwait's first PTA/PET production plant and will utilise Paraxylene from our Aromatics plant. The PTA/PET project is part of QPIC's long term strategy focusing on developing downstream petrochemical projects in the GCC and MENA regions and utilising its assets to enhance returns to shareholders.

### Outside of Kuwait, which markets you are targeting?

Our long-term strategy aims at geographically focusing our growth and investments in the GCC and MENA regions. Our first project outside Kuwait is the 1 Million ton per annum Methanol project in Algeria. The project in Algeria is progressing, but understandably major changes at SONATRACH do slow down the progress temporarily. However, having said that, both Qurain and our Algerian partners remain committed to the development of the project which is expected to commence production by early 2014.

### What diversification plans do you have?

QPIC has already acquired a share in an upstream holding company that owns assets of energy and petroleum services, and is also investigating international acquisition opportunities to complement its existing portfolio. **E**