



غرفة الشرقية
ASHARQIA CHAMBER

الرقم: ٣٥٠١٠٠٠/١٣٧/٦٤٤
التاريخ: ٢٠١٤/٥/٢٦ م
الموافق: ١٤٣٥/٧/٢٧ هـ

المحترمين

السادة/مشتركي الغرفة

السلام عليكم ورحمة الله وبركاته

تهديكم غرفة الشرقية أطيب تحياتها، وتفيدكم بتلقيها خطاب القنصلية العامة لجمهورية مصر العربية - مكتب التمثيل التجاري رقم (٥/٧/٣١٤) وتاريخ (٢٠١٤/٥/٢١)م، المتضمن دعوة رجال الأعمال للاطلاع على الفرص الاستثمارية المتاحة في مجال صناعة البتروكيماويات في مصر.

للمزيد من المعلومات وفي حال رغبتكم الاطلاع على الفرص الاستثمارية يمكنكم زيارة موقع الغرفة على العنوان التالي: (www.chamber.org.sa).

وتقبلوا خالص التحية والتقدير

الأمين العام
عبدالرحمن بن عبدالله الوابل

أم ش/ع ص ٥





ECS
التمثيل التجاري المصري
Egyptian Commercial Service

- 1 -



دامة لجمهورفة مصر العربفة
مكتب التمثفل التجارف

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المرفقات : (1)

**السفء الاسفءاء / سفء الرحمن بن سفءالله الوافل
الموقر
أمفن فام الفرفة الفجارف الصناففة بالمنطقة الفرففة**

فمفة ففبفة وبعء،

فف إطار الفعاون الممرف مع فرففكم الموقرة لءم الفعاون بفن فجمعات رجال الأعمال وءم
الاسفءاء فف كل من جمهورفة مصر العربفة والمملكة العربفة السعوءفة.

ففسرف بعءوة الساءة رجال الأعمال منسوفف فرففكم الموقرة للاطلاع على الفرفص الاسفءاءفة
المفاحة فف مجال صناعة البفروفكفوافف فف مصر.

برفاء الفكرم بالفإحافة والففضل بالففففه ففو الفشر والفعمفم على الساءة رجال الأعمال منسوفف
فرففكم الموقرة.

ونفضلوا بقبول والفرا الاحفرام،

الوزير المفوض الفجارف

(سفء السفار الصاوف)



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Egyptian Commercial Service

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وزارة التجارة والصناعة والاستثمار
التمثيل التجاري
إدارة آسيا

صادر رقم : (٩٥)

السيد الأستاذ/ د. هसन فهمي

رئيس الهيئة العامة للاستثمار والمناطق الحرة

تحية طيبة وبعد،

في إطار التعاون المستمر والبناء بين التمثيل التجاري وهيئتك الموقرة، وفي ضوء جهود مكاتب التمثيل التجاري في الخارج نحو جذب مزيد من الاستثمارات الأجنبية إلى مصر، فقد قام مكتبنا التجاري في شنغهاي بالصين بعقد اجتماع مع مسئولى جمعية الصناعات الكيماوية في مدينة شنغهاي، بمشاركة السيد السفير/ هشام شعير - القنصل العام لمصر في شنغهاي، بهدف تعزيز العلاقات مع الجمعية وبحث فرص التعاون بين الشركات الصينية أعضاء الجمعية والشركات المصرية العاملة في مجال الصناعات الكيماوية والبتروكيماوية.

وتجدون سيادتكم رفق هذا التقرير الذي أعده المكتب حول أهم الموضوعات التي تمت مناقشتها خلال الاجتماع المشار إليه.

برجاء التكرم بالإحاطة والتفضل بالتنبيه نحو موافقتنا بأية بيانات متاحة لدى الهيئة الموقرة عن الاستثمار في قطاع الصناعات الكيماوية والبتروكيماوية تحديداً، حتى يتسنى الترويج للاستثمار في هذا المجال لدى أعضاء الجمعية الصينية السالف ذكرها.

وتفضلوا بقبول وافر الاحترام ،،،

وكيل أول الوزارة

رئيس التمثيل التجاري

إيميه السبل

محمد أحمد عبد العزيز داود

تحريراً في : ٢٠١٤/٢/٢٢

**YOUR
PETROCHEMICALS
OPPORTUNITY**

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Petrochemicals

Sector Overview

Petrochemical industry plays a vital role in the Egyptian economic development and growth. In recognition of the importance of petrochemicals industry in Egypt's economy, along with the introduction existence of successful drivers, petrochemical development strategy has settled to accelerate the implementation of such industry.

The sector employs about 7,600 people. In 2010/2011 Egypt has produced 5.6 million tons of petrochemical products; 2.6 million tons of which were exported worth USD 1.7 million, according to EICHEM annual report 2010/2011.

Egypt is highly dependent on petrochemicals imports and the ambitious petrochemicals 'master plan' is partly aimed at balancing the country's trade deficit by way of improving exports and reducing the dependence on imports, particularly for consumption of plastics, which is growing rapidly. International industry experts and national industrial strategists alike believe that the country is set to become one of the region's leading players, especially with the implementation of the National Plan for Petrochemicals (2002-2022).

In the Middle East and Africa Petrochemicals Risk/Reward Ratings (RRRs) 2012, Egypt remains in ninth with 44.9 points out of 100. The score has downside risks, due to the country's uncertain political environment. However, growth in capacity should remain on course, making Egypt more self-sufficient in petrochemicals and turning it into a net exporter in some segments. The country lies just behind Turkey and ahead of Algeria.

The prime mover in petrochemicals in the country is Egyptian Petrochemicals Holding, or EICHEM, a state owned enterprise under the supervision of the Ministry of Petroleum. The company was created in 2002 during a period of economic reform and modernization, and has multiple mandates as an investor and participant in the sector with minority stakes in some of the country's main production facilities. It is also in charge of marketing the sector abroad and long-term planning.

2012 held a thriving prospective for a number of petrochemicals projects to commence production and generate challenging revenues to the national income. First and foremost is Egyptian Styrenics Production Company (ESTYRENICS). The plant is located in Al-Dekheila Port - Alexandria, with a total investment cost of USD 410 Million; fully subsidized by national capital. The Poly Styrene produced is set to be feedstock for the production of packaging, vehicle equipments, building materials, and other important industries.

Another is Egyptian Indian Polyester Company (EIPET), in Al-Ain Al-Sokhna - Suez. The total investment cost of the project is USD 253 Million; 70% of which represents the share of Arab and foreign investments, while 30% represents the share of national capital. Bottle grade Polyester is to be used for manufacture of lightweight plastic bottles for carbonated soft drinks and water, currently being imported for the industry.

Carbon Holdings' petrochemical complex at Al-Ain Sokhna, which is to have capacities comprising 900,000 tons ethylene, and 400,000 tons propylene with associated polyethylene (PE), ammonia and methanol units would significantly boost the petrochemicals industry, is to come on-stream in 2015.

Earlier in 2011, Methanex started up EMethanex's 1.26 million tons methanol plant at Damietta, at a cost of USD 1 billion. The plant has transformed Egypt into a methanol exporter.

In 2011, Egypt had ethylene capacity of 300,000 tons with PP and PE capacities at 200,000 tons and 225,000 tons respectively. Industry experts expect ethylene capacity to rise from

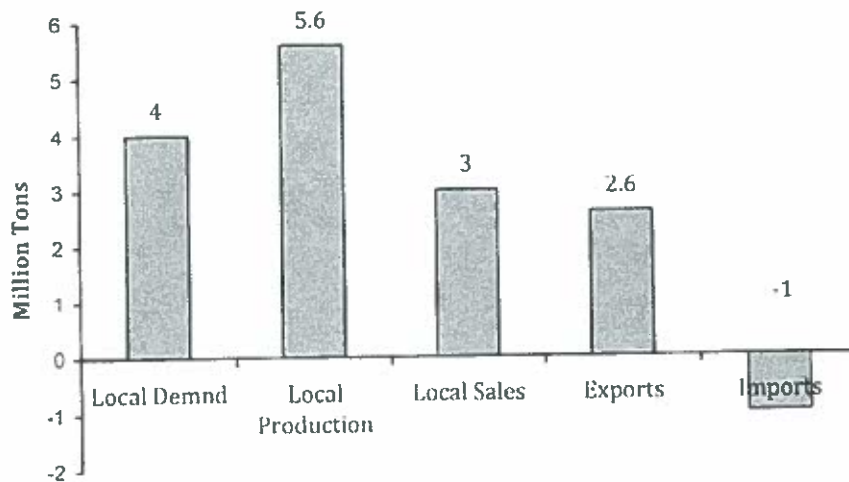
300,000 tons to 1,200,000 tons in 2015, and PE capacity to rise from 225,000 tons to 1,575,000 tons in 2015.

Egypt has a well established fertilizer industry, producing 10 million tones per annum (tpa) from eight plants. However, output is limited to phosphate and nitrate-based fertilizers, and overcapacity has led to the development of an export market, albeit a small one. Development will continue thanks to its abundant supply of low-cost feedstock, Egypt has one of the world's most competitive fertilizer industries.

A wide variety of plastics, fertilizers and acrylics are already being produced in the country. Egypt's exports of organic and inorganic chemicals and fertilizers reached USD 1.55 billion in H1 2013 as opposed to USD 971.89 million in 2007, according to the Egyptian Chemical and Fertilizers Export Council.

The sector is expected to bring in more than USD 7 billion in annual revenue, produce around 15 million tons per year petrochemicals products including urea and ammonia and create around 100,000 new jobs by the year 2022, according to the Egyptian Petrochemicals Holding company (Echem).

Egypt's Petrochemicals Trade Balance 2010/2011



Competitive Strengths and Capabilities

Core Areas for Investment: Egypt ranks 12th in liquefied natural gas exports worldwide, which has helped boost the petrochemicals industry. Natural gas proven reserves reached 2.2 trillion cubic meter, with cumulative gas production 61.3 billion cubic meter in 2011.

A wide variety of products: Plastics, fertilizers and acrylics are already being produced in the country. Egypt's exports of organic and inorganic chemicals, plastics and fertilizers reached USD 1.55 billion in 2013, according to the Egyptian Chemical and Fertilizers Export Council.

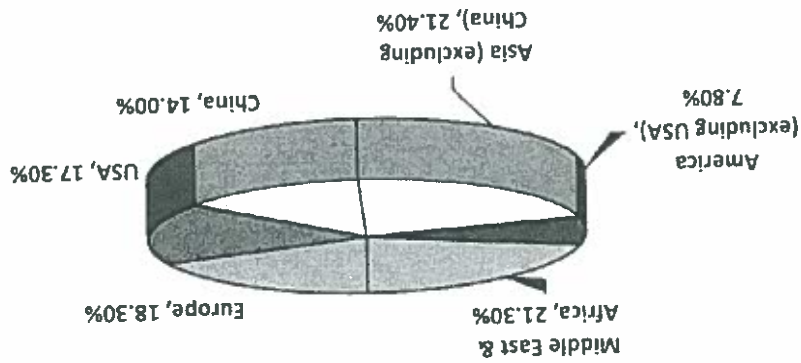
Massive Local Demand: PP market was reached 200,000 tons in 2011, with domestic production fulfilling less than half of demand. PP demand is expected to increase to 550,000 tons by 2016.

Significant Regional Demand: Strong regional demand is expected to require larger volumes of olefins (ethylene, propylene), polyolefin's (PE, PP) or downstream products. As the economies develop and quality of life improves, polyethylene usage is expected to increase.

Increase in Global Demand: Demand for urea fertilizer is expected to rise globally due to population increases. Manufacturing and exporting fertilizer from Egypt allows producers to benefit from discounted feedstock prices. Moreover demand for ethylene is expected to grow at 4.7% over the next few years reaching about 153 million metric tons by 2015.

Competitive Production Costs: As natural gas prices continue to rise, the production of petrochemicals is migrating towards countries with lower natural gas costs, such as Egypt.

Global Ethylene Capacity By Region, 2012



Source: BMI

Exports

Egypt supplies petrochemical products to about 50 countries worldwide, with Europe consuming the majority of Egyptian exports. France, Spain and Italy are the largest importers of the Egyptian chemicals and fertilizers. According to the Egyptian Chemical and Fertilizers Export Council, Egypt's exports of organic and inorganic chemicals, plastics and fertilizers exceeded USD 1.5 billion in Jan-June 2013.

Statistics

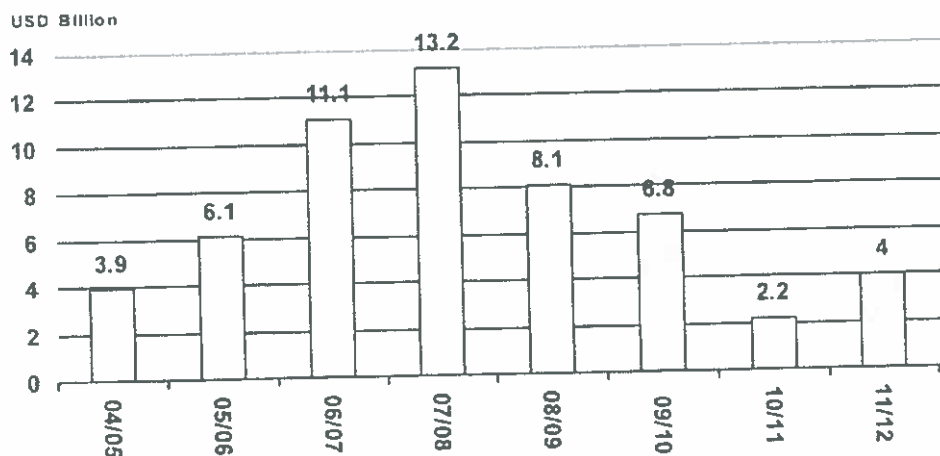
- Oil and Gas contributed to around 15.48% of Egypt's GDP in 2011/2012.
- Natural gas proven reserves reached 2.2 trillion cubic meter, with cumulative gas production 61.3 billion cubic meter, in 2011.
- As of July 2013, the petrochemical industry consisted of 91 companies operating inland with total investments of USD 4.65 billion, and 14 companies operating in free zones areas with total investments of USD 182.64 million.
- Total Exports of Chemicals and fertilizers products during Jan – June 2013 reached USD 2,089 million, representing 18% of total exports.

Significance of Petrochemicals and Natural Gas in Egypt's Economy

The petrochemical sector is one of the most dynamic in the Egyptian economy.

- Egypt is one of the largest markets for lubricants in Africa and is the continent's second-largest refining center.
- Egypt supplies petrochemical products to about 50 countries worldwide, with Europe being the largest market for Egyptian exports.
- Egypt ranks 12th in liquefied natural gas exports worldwide, which has helped boost the petrochemicals industry, according to IGU World LNG Report - 2011.
- The natural gas liquefaction plant in Damietta Free Zone is considered the largest in the world, handling 7.6 billion cubic meters of natural gas annually. The complex came on-stream and the first cargo was loaded in January 2005.
- Egypt ranks among the top 10 countries using natural gas as car fuel worldwide, with more than 10,000 NG vehicles conversion and more than 130 fueling stations and 73 fully equipped conversion centers in addition to 11 stations under construction during year 2013. Egypt was also the first nation in Africa and the Middle East to open a public CNG conversion center and fueling station.

Net FDI Inflows 2004/2005 - 2012/2013



Source: Central Bank of Egypt

| Sector Drivers | Egypt's Value Proposition | Investor Benefits |
|-------------------------------|--|---|
| Natural Resources | In addition to abundant natural gas reserves, Egypt has reserves of many raw materials needed for the manufacture of any number of petrochemical products. | Locally available raw materials reduce the costs of manufacturing. |
| Feeder and Support Industries | Egypt has numerous feeder industries to support the petrochemicals sector. | Presence of locally based feeder and support industries facilitates doing business and reduces outsourcing costs. |
| Proximity to Customers | Egypt is close to major petrochemical consumers in Europe, Africa and the Middle East. | Strong regional markets and proximity to major export markets decreases the time it takes to get products to customers. |
| Infrastructure | Egypt has 15 commercial and 44 specialized ports, including 11 for petroleum. Egypt also has international ports, airports and highways, as well as an in-country rail system. Egypt also boasts world-class telecom and internet infrastructure. All major urban centers have cutting-edge telecommunications technology. | Flexible export options, ease of transport, excellent infrastructure to support communications and research. |
| Built-in Market | With a population over 85 million, Egypt's domestic consumption of petrochemical products is expected to increase in the upcoming years. In addition, Egypt supplies petrochemical products to about 50 countries worldwide. | Large built-in market provides a steady consumer base. |

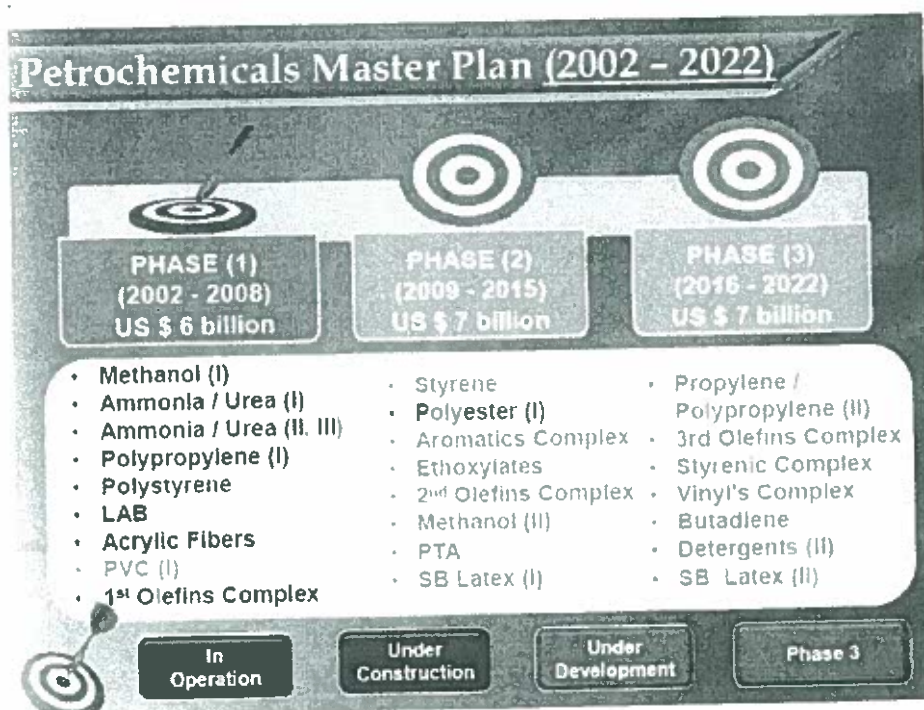
Strong Policy Support for Petrochemicals Industry

The Egyptian government continues to work with the private sector to expand business opportunities in the petrochemical sector through public private partnerships (PPP).

Egypt outlined an aggressive expansion strategy for the petrochemicals sector in 2002 with the creation of ECIEM and the unveiling of a 20-year master plan to carry the sector through 2022. ECHEM priority is to enhance the growth of Petrochemical industry through implementing The National Petrochemicals Master Plan with the target of realizing the optimum utilization of natural gas in value added products.

The Plan covers 14 complexes including 24 projects and 50 production units to produce a total of 15 million tons by 2022 and generate revenues of approximately USD 7 billion per annum. These projects are expected to create up to 100,000 new jobs. Six sites were earmarked for the new petrochemicals production facilities: Beheira, Kafir el-Sheikh, Dakahlia, Damietta, Ismailia and Suez. These were to include integrated, full-service economic zones, complete with infrastructure utilities and off-site services, and will also be used for handling exports.

The pace of investment has slowed since the uprisings began, however, with several projects cancelled or put on hold. In Q312, EChem announced plans to invest USD 6 billion in petrochemicals projects in Al-Ain Sokhna, utilizing local natural gas.



Success Stories

Middle East Oil Refinery- **MIDOR**

MIDOR is an Egyptian joint stock company established in 1994 under Investment Law No.230 of year 1989 and its amendments.

MIDOR Refinery is classified as a deep conversion refinery using the latest scientific and technological methods to suit the fluctuating market needs. The refinery investment is almost US\$1.4 Billion.

MIDOR refinery occupies approximately 500 acres within Amerya Free Zone, West Alexandria City constructed on 5 terraces utilizing the topographical nature of the site.

MIDOR is one of the first refineries in the Middle East that is designed to cope with the most demanding world environmental standards for effluent treatment and product specifications.

Misr Fertilizers Production Company - **MOPCO**

MOPCO, one of the petroleum sector companies, founded in July 26, 1998, inside the free zone in Damietta. This project produces Urea as a main product.

Work in MOPCO project expansion is underway after obtaining a finance that is (1.050) Billion Dollars from the national and international banks although the recent economic conditions within Ouda German company as well as Petroget company to set up two units for producing Ammonia of capacity that is (2400) tons per day as well as two units for producing Urea of capacity that is (3900) tons per day.

The investment cost of this huge project is about USD 1.7 Billion in order that the production capacity will be 2 million tons per year.

The Spanish Egyptian Gas Company - **SEGAS**

The Spanish Egyptian Gas Company (SEGAS) liquefied natural gas (LNG) complex in Damietta, Egypt, is situated on the Mediterranean Coast 60km west of Port Said. The complex came on-stream during the final quarter of 2004 and exports LNG to the Spanish market via a receiving terminal at Sagunto in Spain. The majority of the gas exported is used to supply the new 'cleaner' gas-fired power stations in Spain. This LNG project was the first facility of its type in Egypt and is one of the world's largest capacity single train facilities.

Construction of the facility began in September 2001. The complex will initially produce 5.5 million t/yr (7.5 billion m³ per year) of LNG by air-cooled refrigeration and fractionation. The complex requires 270 personnel and production is around 600t/hr (24°C ambient air temperature). Estimated investment for the construction of the original facility was \$1.3 billion.

Sidid Kerir Petrochemicals Co - Sidpec

Sidpec is an Egyptian joint stock company established on 16 November 1997. Sidpec is considered the first integral step towards the petrochemicals future in Egypt.

Sidpec utilizes the latest available technology and designs in order to satisfy the Egyptian environmental regulation and requirement.

The trade name of SIDPEC polymers is named "Egyptene" polymer portfolio includes linear low density polyethylene (LLDPE) and high density polyethylene (HDPE).

Oriental Weavers - OW

Oriental Weavers (OW) is one of the most recognized brands in the machine woven rug and carpet industry today. Established in 1980,

OW is the acknowledged leader in design, quality and innovation within the industry. With a simple vision the company became a leading worldwide exporter and by far the largest player in the Egyptian Market.

OW is the flagship company of the Orientals Group, which is a multinational organization that incorporates several companies dedicated to the production of woven rugs and carpeting, along with companies in other industries such as petrochemicals, property and real estate development, agro-industries, and other investment activities.

OW, located in the 10th of Ramadan City near Cairo, is completely vertically integrated thus providing the company with the advantage of manipulating and producing fine fiber and manufacturing the world's most innovative rugs and carpets. Most of OW's raw materials are produced within its subsidiaries. Therefore, it is able to pass on the advantages of complete vertical integration to all its customers.

Alexandria Carbon Black

Located in Amreya near Alexandria in Egypt, Alexandria Carbon Black is an Indo-Egyptian joint venture of the Aditya Birla Group of India, is the only producer of carbon black in the Middle East and North African region.

Established in 1994 with an initial capacity of 20,000 tones, ACB has since grown 14 times to 285,000 tons capacity - making it one of the world's largest carbon black plants at a single location and also the fastest-growing carbon black company in the world. ACB also has the distinction of operating one of the largest production lines in the carbon black industry globally.

In less than 15 years of its going on-stream, the company has set new benchmarks by maintaining high standards and taking a leadership position in the industries of Egypt, Middle East and North Africa.

ACB exports 95 per cent of its production to over 30 countries across the globe including the USA, UK, France, Germany, Italy and Spain, among others. Its customer list includes global players like Michelin, Goodyear, Bridgestone/Firestone, Pirelli, Dunlop, Continental General Tires, apart from the local Alexandria Tire Company and Trecco.