

MEDIUM : THE MALAY MAIL

DATE : AUGUST, 3 2015

PAGE : 21 – MONEY



Matrade: Rosy outlook for petrochemical sector

Malaysia is the second largest oil and natural gas producer in Southeast Asia, and the second largest exporter of liquefied natural gas globally.

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KUALA LUMPUR — Malaysia's petrochemical industry is poised for positive growth as it will benefit from declining oil prices and growing population in the region.

Malaysia External Trade Development Corporation CEO Datuk Dzulkifli Mahmud said Malaysia is well blessed with natural resources and infrastructure to support the billion ringgit industry.

He said South Korea's Hu-Chems Fine Chemical's decision to build a manufacturing plant for chemical-based products in Bintulu was a clear example of the country's attraction as an investment centre.

"With the current economic situation where people are talking about the drop in oil prices, there are companies willing to invest in Malaysia as there is an abundance of our raw materials. Malaysia can also be a leading exporter of chemical-based products in the future," he said.

There is growing demand for petrochemicals, which is used in the manufacturing of products ranging from cosmetics, furniture, plastics, to radios and televisions.

Malaysia is the second largest oil and natural gas producer in Southeast Asia, and the second largest exporter of liquefied natural gas globally.

According to "The Asia Petrochemical Industry Conference"

report, Malaysia's petrochemical sector has contributed significantly to the development of local downstream plastic processing activities.

The country is also one of the largest plastics producers in Asia, providing a steady supply of feedstock materials for the plastic processing industry with world-scale petrochemical (resin) plants.

With a growing population in the Association of Southeast Asian Nation which has reached 630 million, and rising per capita income in Southeast Asia, demand for petrochemical products are set to grow.

In terms of the possibility of other investors to follow in the footsteps of Hu-Chems to invest in

Malaysia's petrochemical based industry, he said that the government would be looking to attract more investors in the future and further diversify Malaysia's exports.

"The government is working hard to capture the interests of investors to come and invest in the country and with the effort that we're doing right now, we would expect the end result to be the diversification of our exports," said Dzulkifli.

"Plants like these need at least two or three years before they can start production and they have invested a total of US\$1 billion (RM 3.8 billion) and this is something positive as it would create job opportunities for our people, aside from other benefits like housing

and logistics," he said.

Besides, Petronas' refinery and petrochemical development (Rapid) project in Pengerang, which is scheduled to have a refining capacity of 300 000 b/d and petrochemicals production capacity of 7 million tonnes per annum, will boost the domestic sector.

According to a KPMG Global Institute's Asia Pacific's Petrochemical Industry report Asean region would be the next likely growth engine for the global chemical industry.

The report suggested that the region's GDP per capita growth would expand from current US\$3,500 (RM13,379) to US\$5,500 (RM21,025) in 2018, roughly a 15% increase.