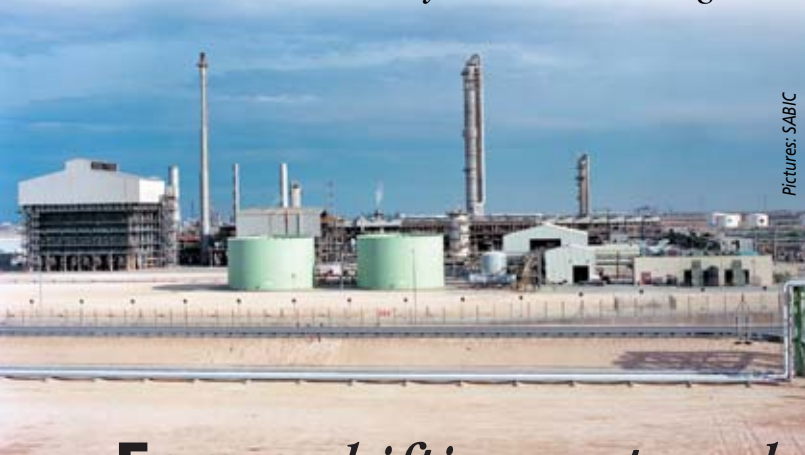


*Statement:*

*Petrochemicals industry trends and challenges*



Pictures: SABIC

## Focus *shifting eastward*

At the European Petrochemical Association Annual Meeting (EPCA) in Vienna, Austria end of September 2005, Saudi Basic Industries Corporation (SABIC) Vice Chairman and CEO, Mohamed Al-Mady, delivered the keynote address to representatives of the top global petrochemical producers, their major international service providers as well as their suppliers and customers. He stated that the petrochemical industry is undergoing major structural changes with particular respect to feedstocks, geography and demographics.

Evaluating current economic and demographic trends Al-Mady said, "We are witnessing a shifting of the center of economic, population, and petrochemical gravity eastward. This is an epic shift and deserves the attention of all planning exercises associated with meeting future global chemical demands".

Al-Mady stressed the importance of growth in S.E Asia and the effect it has on the demand for crude oil. He referred to the delicate supply/demand balance and the significant influence geopolitical issues have over the global balance and stated that petrochemicals producers recognize the effect that feedstock costs

and emerging markets have in determining the location of future plants, in order to satisfy global balances and demand.

Focusing on gas feedstock, Al-Mady stated, "Russian and Middle Eastern countries, in cooperation with international petroleum companies are expected to play an important role in the development of a global market for gas. This development will be driven not only by growing demand, but also by the desire of governments to monetize an increasingly valuable resource where it exists in excess of domestic demands." He added, "This opens the door for extended cooperation between petrochemical producers in the Middle East and Europe. Middle Eastern countries, with their natural resource base can provide an excellent location for manufacturing assets of European petrochemical producers allowing them to reach the growing consumer markets of Asia, Africa and the Middle East."

Referring to the future of the global petrochemical industry, Al-Mady was optimistic, saying "The favorable demographics which will exist in the coming years in China, India, Brazil and other industrializing countries will continue to increase demand for our petrochemical products." ■



Mohamed Al-Mady,  
Vice Chairman and  
CEO, SABIC