The 25th Annual Middle East Petroleum & Gas Conference
30 April – 2 May 2017
Grand Hyatt Dubai, UAE

PRESS CLIPPING

Energy Intelligence, 2nd May 2017

KPI Targets Africa With Oman Refinery Outlay

Kuwait Petroleum International (KPI), which pursues downstream projects internationally on behalf of state Kuwait Petroleum Corp., plans to invest as much as $10 billion into the multiphased development of Oman's Duqm refinery and petrochemical complex, which will export petroleum products to Africa, the company's CEO said Monday (IOD Nov.3'16).

"The investment will be around $7 billion-$8 billion. This is phase one and it will be followed by Phase 2, which is the integratedpetrochemical complex which might also have $2 billion-$3 billion so the total will be around $10 billion," Bakheet al-Rashidi said on the sidelines of the Middle East Petroleum &Gas Conference in Dubai. He added that exports from the refinery were aimed at new markets in Africa but also traditionalones in Asia. Duqm is located on the Arabian Sea in central-eastern Oman. The refinery complex in turn is based in a Special Economic Zone in the sultanate's Al-Wusta province, which is being developed to support the country's economic diversification plans by adding new industries and infrastructure. The 230,000 barrel per day refinery will be designed to process Kuwaiti crude, but for "optimization" reasons up to 30% of the crude will be sourced either from Oman or the international market, said al-Rashidi. KPI signed a partnership agreement to implement the project with state Oman Oil Co. (OOC) in April. The partnership would be structured as a 50-50 joint venture. Mideast oil producers such as Kuwait are looking to expand their Asian downstream investments in a bid to secure stable outlets for their rising crude output at a time when oil markets remain oversupplied and competition in growing Asian consumer economies is intensifying.

As US oil imports have slumped amid rising domestic output, Latin American and African producers have begun targeting new markets to sell their own crudes, prompting Mideast Gulf producers to push more aggressively to secure new long-term contracts and lock down agreements with buyers.

At the same time, investments into integrated refining and petrochemical complexes offer improved economics and better returns than simple refineries. Beyond the investment in Oman, KPI is looking at opportunities for refinery projects in India, China and Indonesia, al-Rashidi toldreporters. KPI's joint venture Nghi Son refinery in Vietnam with Japan's Idemitsu is currently under commissioning and will reach full capacity of 200,000 b/d by the end of this year, he said, adding that Phase 2 of the project would increase production capacity to 400,000 b/d (IOD Jan.29'16). "We want to increase the capacity because the demand is there," he said. The Vietnam refinery will start with all of its crude feedstock supplied by Kuwait. KPI and Idemitsu each own a 35.1% stake in the refinery joint venture, with Petrovietnam and Mitsui Chemicals Inc. owning25.1% and 4.7% respectively.

Amena Bakr