



Hany SOLIMAN

Created in 2002 to champion the Egyptian petrochemical industry, ECHEM has facilitated huge investment ever since. Its 20-year master plan, set to run until 2020, provides a comprehensive, market based road map to nurture and develop the sector accordingly.

The Oil & Gas Year: Established in 2002, Echem has a wide-ranging 20-year vision for the development of the Egyptian petrochemicals sector. Could you please outline that vision and how you hope to achieve it.

Hany Soliman: The Ministry of Petroleum established the Egyptian Petrochemicals Holding Company (ECHEM) to manage and develop the Petrochemicals industry in Egypt.

In order to facilitate this goal, we endeavour to attract private investors, both international and local, to create strategic alliances with local producers, off takers and international shareholders. ECHEM'S vision is to be a leading international producer and distributor of petrochemical products through establishing a strong and reliable petrochemical industry based on state of the art technology.

We plan to achieve our targets through sound business development activities and flexible investment models. Moreover, our petrochemicals master plan is flexible and market oriented with an alert eye on projects with high value added aspects. In this way we aim to boost the local economy through employment, especially during the current world economic crisis.

The downstream nucleus

TOGY talks to

**Hany SOLIMAN, Chairman
EGYPTIAN PETROCHEMICALS HOLDING
COMPANY (ECHEM)**

TOGY: With the Ministry of Petroleum in the process of finalising new gas price contracts, what will the final proposal look like and how will the proposed gas production increase in Egypt affect ECHEM's future expansion plans?

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HS: Triggered by an appropriate price mechanism, the increase in gas production would certainly promote ECHEM's future green field projects. ECHEM, with its partners at the Ministry of Petroleum, EGAS and EGPC, are working together to develop a beneficial price structure. The formula, once settled on, will both attract local and international investors, while adding value to Egyptian natural gas resources.

TOGY: The removal and partial reinstatement of free zone status has caused consternation in the downstream sector. Has this sudden removal has



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stained Egypt's reputation as a stable investment climate?

HS: Under new investment laws ECHEM has agreed with its partners to continue executing projects with investments amounting to 5 billion US dollars. Parallel to this, ECHEM developed a strategy to continue promoting phase II projects of the master plan. Despite the removal of freezone status, we are on course to develop three new mega projects worth 5 billion US Dollars, including two ethylene crackers, an acetic acid plant and a gas to olefins project.

TOGY: *Dana Gas has concrete plans to build one of its flagship Gas City concepts in Egypt. What impact will the project have on the Egyptian Petrochemicals and Downstream industry.*

HS: ECHEM is working with Dana Gas and EGAS to develop the Gas City project. It will make a massive contribution to the Egyptian economy while also developing investment and creating significant employment opportunities.

TOGY: *Even with new natural gas discoveries, Egypt has a finite supply of gas. Can ECHEM maintain the growth of the petrochemicals sector given greater demand for gas from domestic users and renegotiated export contracts?*

HS: The Ministry of Petroleum has its own strategy for long-term energy supply. This plan encompasses both local and export demand while also taking into consideration the requirements of our petrochemicals master plan until 2020.

TOGY: *The closure of EAgrium resulted in an ugly legal battle between local residents, national government and private enterprise. What lessons have the Government and ECHEM learned and how will you endeavour to ensure this situation does not occur again?*

HS: The EAgrium case was a very important lesson for all parties concerned. ECHEM is currently conducting a complete report alongside other governmental agencies to develop a detailed system to prevent a repeat performance. Guidelines for choosing the area and communicating with local communities are currently being drawn up.

TOGY: *In terms of monetising its natural gas, is Egypt better off exporting via pipeline/LNG or retaining its gas for use in the domestic petrochemical industry?*

HS: Any new project involves a comprehensive study which takes into account project feasibility, employment, net benefit for the country, environmental impact and export potential. Only after these factors have been assessed will it get the approval from the government and the Higher Energy Council.

TOGY: *Given the intense competition for FDI from other North African countries, how will Egypt maintain and develop its competitive advantage and continue to encourage investment in the petrochemicals sector?*

HS: From ECHEM's perspective, our master plan is flexible and market oriented. The comprehensive plan is backed by the available feedstock, a highly technical and specialised labor force, competitive prices and a local market that is set to increase its demand in the coming years. We will continue to promote the petrochemical sector and encourage investors to come to Egypt.

