



# Chevron Phillips to Acquire UAE Chemicals Company

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Texan petrochemical company Chevron Phillips has placed a \$15 billion bid for Canada-based plastics and chemical company Nova Chemicals. Although Nova is based in Calgary, Alberta, it is owned by the Abu Dhabi investors Mubadala Investment Co, who have been looking to offload this particular asset since the beginning of the year.

Given that Mubadala originally acquired Nova for a fraction of that price in 2009, and that their estimated asking price was also far lower than the \$15 billion Chevron Phillips are reported to be offering, it's likely that the deal will go ahead. If it does, Chevron Phillips will become the biggest producer of polyethylene in North America, behind only ExxonMobil Corp. and Dow Chemical Co.

## A multi-billion-dollar deal

Ten years ago, Nova's business portfolio was going from strength to strength, capitalising on the recent boom in shale oil and gas in North America and turning a healthy profit. Encouraged by that behaviour, the UAE state-owned investment company Mubadala acquired the Canadian business for just \$500 million and have held onto it for the intervening decade.

However, because Crown Prince Mohammed bin Zayed Al Nahyan wishes to diversify the country's economy away from a dependence on fossil fuels, Mubadala have been attempting to sell Nova since the beginning of 2019. It had been reported that they were looking to recoup at least \$10 billion for the sale of the business, but Chevron Phillip's offer comes in at way above that estimate.

The alleged bid has been [reported](#) by Reuters, citing anonymous sources close to the deal. While an agreement is still some way off and there is certainly the potential for alternative bidders to arrive on the scene, Chevron Phillips are currently in the driving seat with regard to the buyout.

## Global ramifications

If successful in their bid, Chevron Phillips would gain access to one of the continent's biggest producers of polyethylene and resins. The materials generated by Nova are used in a wide range of different industries, from [chromatography in petroleum](#)



[refining](#) to packaging in construction. It would allow Chevron Phillips to scale up and expand its global influence, making it one of the top industry players in the world.

The news could also be beneficial for Canada, too. Under Mubadala's direction, Nova have signed off on a \$2 billion expansion of their refinery in Sarnia, in southwestern Ontario. That project is apparently guaranteed to go ahead whatever the outcome of the latest deal with Chevron Phillips, but Nova's UAE owners have been spending most of their cash outside of Canadian borders.

It's hoped, then, that the purchase of Nova could see the Texan company divert some funds back into other Canadian projects. "Nova's been spending a lot of money lately, but none of it in Canada other than the Sarnia plant, so it might mean we've seen the multinationals exit Alberta on the oilsand side," [said Bill Rawlusyk](#), a director at global information firm IHS Markit. "It means a multinational with big pockets coming back to Alberta, which would be a good thing in my opinion."