



# \$2 Billion Petrochemical Plant Planned for UAE

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The multinational Indian conglomerate Reliance Industries has announced it will invest \$2 billion into the construction of a petrochemical plant in the UAE. The partnership has been some years in the making and will see Reliance work alongside the Abu Dhabi National Oil Company (ADNOC) to develop the latter's downstream sector capabilities.

In particular, this is expected to focus on the processing of certain hydrocarbons to turn them into plastic products for use in a range of different industries, including housing, infrastructure and consumer goods. It is a further step in ADNOC's plan to diversify its portfolio and expand its downstream operations.

## Joint venture at Ta'ziz

The Indian investment will go towards the huge industrial joint venture currently in development at the chemicals and industrial complex of Ta'ziz. Located in Ruwais, the complex is a collaboration between ADNOC and sovereign wealth fund ADQ. ADNOC had previously indicated it hoped to attract over \$5 billion in third-party investments into the venture.

The Reliance project forms a significant cornerstone of that ambition. Under the terms of the deal, Reliance and Ta'ziz will work together to build plants with the capacity to produce chlor-alkali, ethylene dichloride and polyvinyl chloride at the site. Each of those compounds has a variety of different applications across a range of industries.

Although ADNOC does have some downstream production facilities in place, it wishes to expand its knowledge in a variety of areas within this sector. Some of the avenues of research which it wishes to pursue are PVC production, [the challenges of plastic recycling for petrochemical plants](#), textiles and metals manufacturing and wastewater treatment, among others.

## Closer alignment

The Ta'ziz investment follows in the footsteps of other initiatives and agreements between the UAE and India, who have strengthened their diplomatic, commercial and



industrial ties of late. Trade is also very high between the two powers, especially when it comes to the energy sector.

For example, the UAE is currently the third biggest supplier of crude oil to India, with a market share of 11%. It is behind only Iraq and Saudi Arabia at present. In the other direction, India is ADNOC's second-biggest market and has been establishing partnerships with a range of Indian companies in both the upstream and downstream sectors.

One such example is that of an Indian consortium which purchased a 10% in the offshore concession of Lower Zakum, off the coast of Abu Dhabi, in February 2018. Just over a year later, the two countries forged even stronger bonds when Bharat Petroleum and the Indian Oil Corporation won a tender to explore an onshore block within the emirate itself. The Ta'ziz investment is just the latest in this string of partnerships and collaborations.