

GENERAL MATTERS & RAW MATERIALS COMMITTEE

Industry Overview

The industry is characterized by high capital investments and long gestation periods. To date, the industry is one of the leading manufacturing sub-sectors with total investments of RM58.0 billion. PETRONAS is the leading investor in the sector.

The petroleum products sub-sector includes refinery products such as liquefied petroleum gas, naphtha, gasoline, kerosene, fuel oils, gas oils, jet oils, diesel, bitumen and lubricating oils. There are currently six refineries and a gas-to-liquid plant in operation. PETRONAS, Shell, Esso and Conoco are the major investors in this sub-sector.

Natural gas and naphtha are the two locally available basic raw materials for the petrochemical industry. Three major petrochemical zones have been established in Kertih, Terengganu; Gebeng, Pahang; and Pasir Gudang-Tanjung Langsat, Johor with 29 petrochemical plants. Each zone is an integrated complex with crackers, syngas and aromatics facilities to produce basic feedstocks for downstream products.

Other petrochemical plants in Malaysia include the ammonia and urea plants in Bintulu, Sarawak and Gurun, Kedah; acrylonitrile butadiene styrene (ABS) plant in Penang; methanol plant in Labuan; and nitrile-butadiene rubber (NBR) plants in Kluang and Pasir Gudang, Johor.

Core Products Manufactured in the Three Major Petrochemical Zones

Zone	Core Products
Kertih, Terengganu	Ethylene, propylene, para-xylene, benzene, and syngas.
Gebeng, Pahang	Propylene and syngas
Pasir Gudang-Tanjung Lnagsat, Johor	Ethylene, propylene, benzene, toluene, xylene, and butadiene

{Source: MIDA }

Industry Outlook

Expanding and enhancing the value-added and broadening the range of products is one of the core priorities. This includes establishing new crackers to provide additional feedstocks to encourage the expansion of capacities of existing petrochemical plants

and broadening the range of petrochemical products produced and to promote growth areas, including alpha-olefins and fatty alcohols, vinyl acetate, ethylene dichloride, propylene oxide/ polyols, cumene/phenols, acetones, adipic acid/caprolactam, toluene diamine and diisocyanate, methyl methacrylic, polybutadiene, butadiene-styrene-rubber, nylons and polyurethanes.

Another priority is enhancing linkages with the downstream industries to accelerate the development and enhance the efficiency of the plastics fabrication industry, by establishing a plastics industry park within the vicinity of the petrochemical zones. The various stakeholders is also reviewing the existing facilities, services and infrastructure and to realise the full potential of the existing petrochemical zones, through a more systematic and coordinated approach.