

CHEMICALS

IRPC plans aromatic plant

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SET-listed IRPC Plc, a petrochemical arm of PTT, is considering building a world-class aromatic plant in the second phase of its Phoenix investment plan.

The new plant, with annual production capacity of 1 million tonnes, will be developed after the first phase finishes in 2016, said president Atikom Terbsiri.

The first phase includes the production of raw materials used in aromatics production.

The project, coming after IRPC's long-residue efficiency enhancement project, will boost its refining capacity by 38% to 250,000 barrels per day (bpd) from 180,000 bpd in the first phase.

Long residue or ATB is heavy oil, used as the main raw material in the production of lube base oil.

Mr Atikom declined to reveal the investment value and the plant's location, saying these depend on the project's feasibility study.

But he added the last part of the first phase includes super absorbent polymers (SAP), compounds and nylon.

SAP has strong potential in Asia, thanks to substantial demand from

baby and adult diaper manufacturers. IRPC expects to have an annual production capacity of 40,000 tonnes with an investment cost of US\$250 million.

"We are in talks with strategic partners to form a joint venture for the SAP project. The agreement is expected to be signed within this quarter," said Mr Atikom.

With the focus on high-grade polymers and engineering plastics, IRPC's long-term risks from the fluctuating prices of petroleum products and commodity-grade polymers will be lower.

Last year commodity-grade polymers made up 65% of IRPC's revenue and high-value polymers/engineering plastics made up 35%. The company wants to flip those two percentages by 2015.

IRPC also gains extra revenue from other businesses such as a deep-sea port, liquid tank farm, logistics, industrial estates and utilities.

"We have seen the prices of petroleum and commodity products fluctuate for several years. From now on, we have to prepare ourselves for this risk," said Mr Atikom.

IRPC's long-term business development plans take into account global trends toward an aging society, fast urbanisation, and the severe impacts of climate change. Products for the elderly, materials for high-rise buildings and automobiles, and green technology to lower greenhouse gas emissions will have long-term potential, said Mr Atikom.

Shares of IRPC on the SET on Friday closed at 4.16 baht, down four satang, in trade worth 310.64 million baht.