



ICIS Interactive 2019



24-26 March 2019

AFPM IPC, SAN ANTONIO, TEXAS

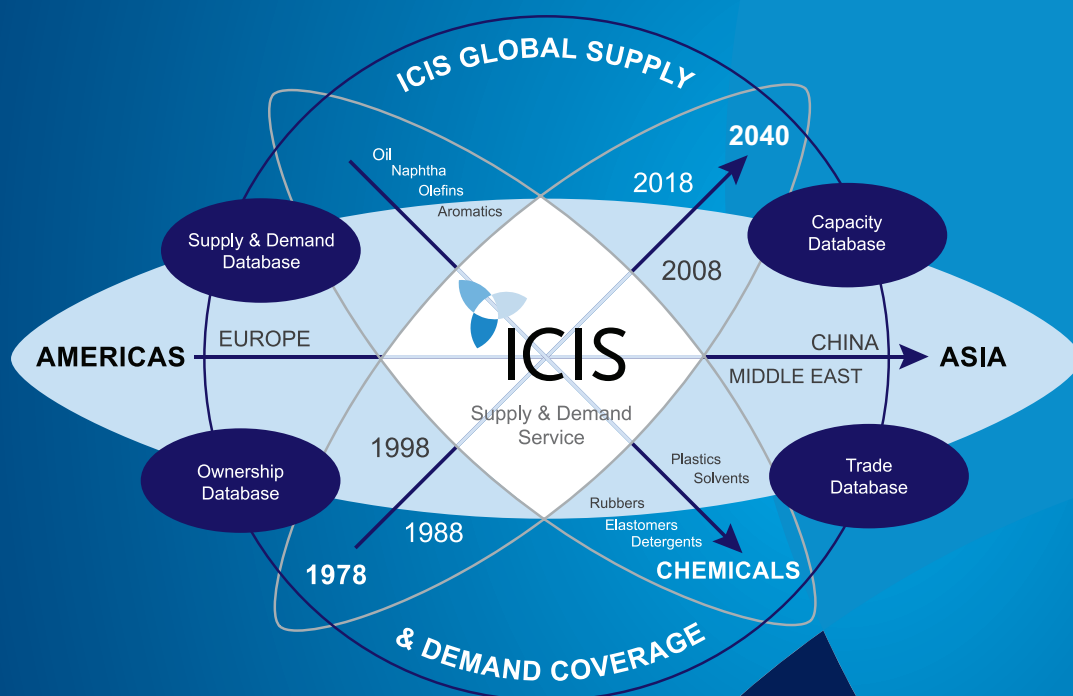
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AFPM 2019

INTRODUCTION



NEWS

AFPM's Thompson lays out priorities for 2019

Huntsman optimistic on US-China trade deal

Chevron Phillips Chemical's Corn ups cracker capacity

TPC's Dineen prepares for next phase of growth

Integra's van Baal expects shifts in trade flows

Accenture's Bjacek sees industrial recalibration

AFPM's Benedict and Cooper update progress

International Group's Reucassel talks waxes



AFPM MISSION FOR 2019

AFPM to focus on regulatory relief, infrastructure and trade, says president and CEO Chet Thompson

American Fuel & Petrochemical Manufacturers (AFPM) will work on a full plate of key issues in 2019.

“We’ll be continuing our efforts for regulatory relief. We’ve made good progress in the first couple of years of the Trump administration – it’s certainly made a difference and we’ll continue to press that, even with a new Congress,” said Chet Thompson, AFPM president and CEO.

On that front, the trade group will also monitor and battle state restrictions on certain chemical products, he noted.

AFPM also supports the passing of an infrastructure bill which would bring major long-term benefits to the petrochemical industry.

Global trade issues will also be prominent this year with the USMCA (US Mexico Canada Agreement) needing ratification and a potential trade deal between the US and China.

“I think it’s going to happen. They’re working hard and we’re told progress is being made. I’m pretty confident that by the end of the year we’re going to have this resolved,” said Thompson.



HUNTSMAN OPTIMISTIC

CEO Peter Huntsman is hopeful on a US-China trade deal, which would give a boost to chemicals

The US-China trade dispute will likely be resolved this year, boosting consumer sentiment and the chemicals sector, according to Peter Huntsman, CEO of Huntsman Corporation. “I think a deal will get done, and it will be a boost for the chemical industry mostly because of consumer sentiment,” said Huntsman.

“Last year, whenever I visited China, there was so much vitriol about [US president Donald] Trump and the tariffs, but now the talk is about the need to get a deal done, and partnering with the US. There’s much more

optimism on both sides,” he added.

For China, 20-25% of GDP is dependent on foreign trade, versus just around 10% for the US. “China desperately needs a trade deal and the US could use it,” he said.

“The US is less dependent on foreign trade than anyone else, so there is leverage on things like intellectual property (IP) protection, reducing tariffs and renegotiating trade deals.”

Demand for Huntsman’s products in China was recovering in Q1 while the European economy remains weak.



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CP CHEM RE-RATES UNIT

Ron Corn, senior vice president of petrochemicals at Chevron Phillips Chemical, ups performance

Chevron Phillips Chemical has re-rated the capacity of its new Cedar Bayou cracker in Baytown, Texas, as it has been consistently outperforming.

“The cracker is operating very well – so much so that we’ve re-rated ethylene capacity from 1.5m tonnes/year, to 1.725m tonnes/year, said Ron Corn, senior vice president of petrochemicals at the company.

CP Chem started up its Cedar Bayou cracker in March 2018. Earlier, in September 2017, it started up two downstream polyethylene (PE) units – a

500,000 tonne/year bimodal high-density PE (HDPE) plant, and a 500,000 tonne/year metallocene linear low-density (mLLDPE) plant in Old Ocean, Texas.

“The resins have been well received by the market. The new *Advanced Dual Loop* process [for bimodal HDPE] has been performing well for us,” said Corn.

The lessons learned from the construction of the cracker have given CP Chem the confidence to build another world-scale cracker and derivatives complex on the US Gulf Coast, he added.



TPC PLANS 2ND PHASE

TPC Group CEO Ed Dineen prepares to add butadiene capacity on more abundant feedstocks

TPC Group is planning a second growth phase in butadiene (BD) to accommodate the increase in crude C4 production that will result from the next wave of ethane crackers that is scheduled to start up in the US.

Crackers that use ethane produce a relatively small amount of crude C4. However, the number of the new ethane crackers that US producers are starting up will, in aggregate, result in a lot of crude C4.

TPC has upgraded the infrastructure that supports the company's crude C4

processing, having conducted turnarounds on all three of its BD extraction units. It has also expanded and upgraded its logistics system, specifically its railroad, said Ed Dineen, CEO of TPC Group.

The next phase is focused on debottlenecks at its Houston plants and possibly a debottleneck project at its Port Neches plant. "We should be ready in time with more capacity and further enhanced reliability to ensure we can handle this wave of ethane crackers that is coming on," he said.

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INTEGRA SEES SHIFT

Roger van Baal, executive director of Integra, sees petrochemical trade flows shifting, even after a US-China deal

Petrochemical trade flows between the US and China may not normalise completely, even in the event of a trade deal, as China shifts more towards feedstock and energy imports, believes Roger van Baal, executive director of major trading company Integra.

“Returning to original trade flows assumes that those volumes are still needed. But as time passes, supply/demand balances change.

“China may not need all the [former] derivative volumes from the US as it becomes more self-sufficient

downstream,” said van Baal.

With major planned petrochemicals capacity increases in China, Malaysia, Indonesia, the Philippines, South Korea and the Middle East, along with the US, there could be a big squeeze on the way, he noted.

“China may not see the same volume of petchem imports after a trade deal, but China will need more feedstocks. It could import more volumes of LPG and also LNG, which is increasing in demand, as they look for cleaner energy sources,” said van Baal.



RECALIBRATION TREND

Accenture's Paul Bjacek sees industrial recalibration leading to big changes in the years ahead

The trend of “industrial recalibration”, which emphasises mass customisation and speed to the customer, will drive big changes in the global chemicals and plastics industry in the coming years, according to Paul Bjacek, principal director and global resources research lead at Accenture.

“Industrial recalibration is not just about reshoring, but flexibility in producing customised products quickly for customers,” explained Bjacek. “That means you need local production and short supply chains – raw materials are

needed locally. It's not so much about polymer line speeds but flexibility. Customers are willing to pay a premium for customisation,” he added.

Robotics and automation are enabling this recalibration, he noted, citing recent moves by Amazon and Adidas to build factories that can customise products and ship them out quickly.

“These are automated, robotic, and can domestically ship product out,” said Bjacek. Chemical companies will thus need plants in close proximity to these types of factories to best serve them.



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◀ Pipelines expansion

Pipeline capacity from the Permian Basin to the US Gulf Coast is set to triple, with 3m bbl/day of extra NGLs, said Rob Benedict, AFPM's senior director for petrochemicals, transportation and infrastructure

▶ Cooper gives TSCA update

Jim Cooper, senior petrochemical advisor at AFPM, gives an update on helping members with TSCA and dealing with the high profile plastics waste issue



◀ Dickson touts digital tools

Duane Dickson, vice chairman and US oil, gas and chemicals leader at Deloitte, sees digital tools as driving the next “frontier of productivity” for the chemical industry

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Additionally, benchmarks provide an enhanced market insight in multiple ways. For example, to see historical pricing movements over a specified period; to compare prices for different regions around the globe; or to view raw material prices alongside derivatives.

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How often are ICIS benchmarks updated?

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Our benchmarks are based on data gathered by ICIS editors through **thousands of interactions each week** with a wide

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◀ **US optimism at Nouryon**

Nouryon's Rob van de Graaf and Jeff Jirak outline growth plans and US investments for the AkzoNobel specialty chemicals spin-off, and discuss the company's approach to sustainability

▶ **AFPM gives wax support**

Wax producers benefit from AFPM support as environmental and regulatory pressures are on the rise globally, said Ross Reucassel, chairman of The International Group, Inc



◀ **Base oils analysis**

ICIS has added base oils to its Supply & Demand database, allowing analysis of trends such as the move to electric vehicles and longer oil change intervals, says US lead consultant James Ray



Albert Chao (right), CEO of Westlake Chemical, and James Chao (left) chairman of Westlake, received the 23rd Petrochemical Heritage Award from the Science History Institute at the AFPM IPC event
Photo courtesy of David Smith Photography



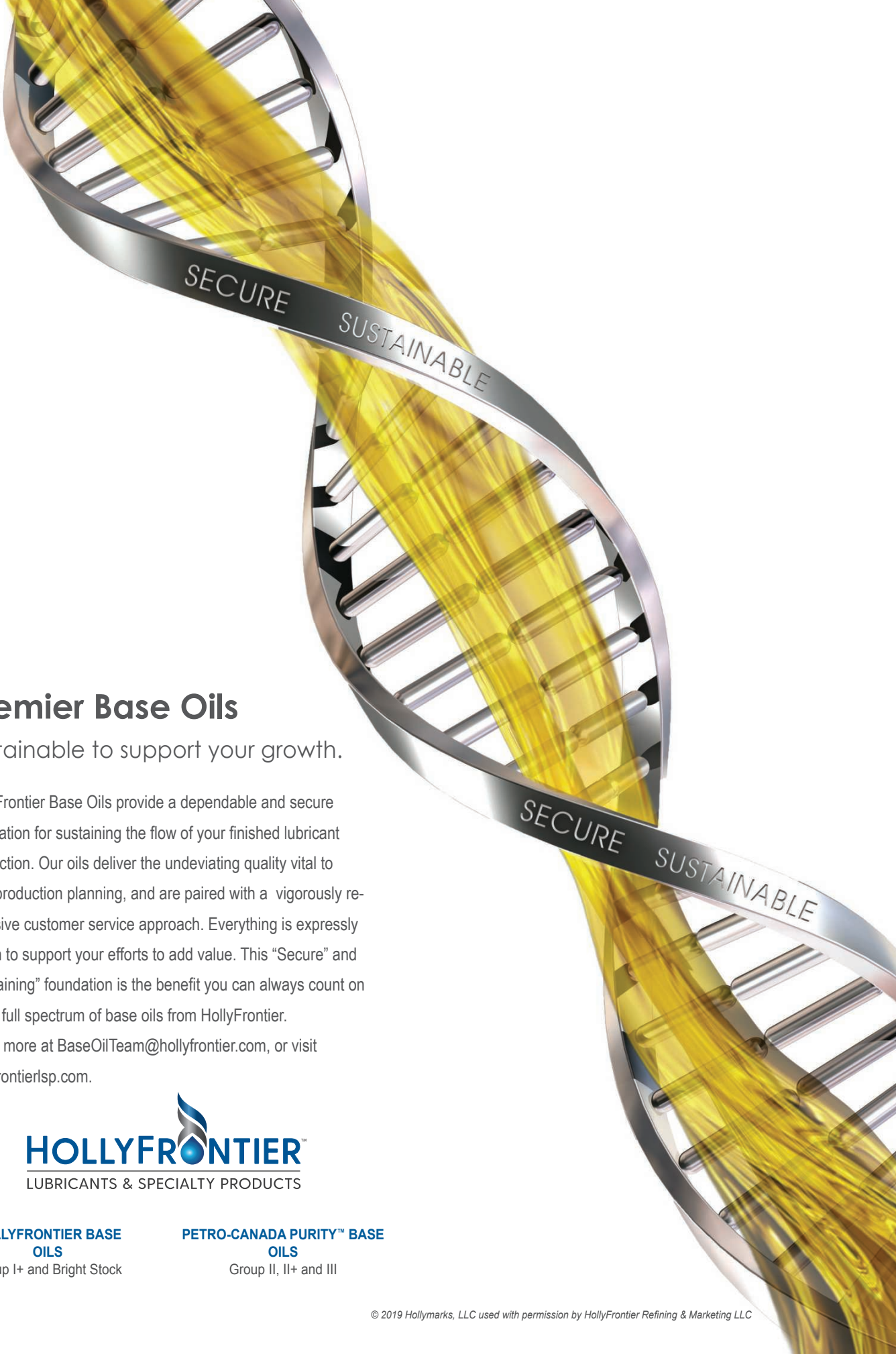
AFPM delegates catch up with one another at the Welcome Reception on the Sunday evening of the IPC conference in San Antonio



Delegates at the conference Welcome Reception enjoyed live entertainment from local musicians...



... and an appetising array of local foods, on offer throughout the evening as guests mingled and caught up with industry news



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