



Competitiveness of Middle East Refining and its Global Impact

Report Overview

Subjects Addressed:

- Overview of demand drivers in the Middle East
- Factors influencing investment models
- Competitiveness of Middle East refineries compared to Asian refineries
- Impact of Middle East refining on the global refining industry
- The role petrochemical integration will play in shaping refineries in the Middle East

The Middle East has historically been a major exporter of crude oil. Refining investments in this region have occurred to selectively meet domestic demand and serve some export markets. More recently, the Middle East has become a key growth market for refined products, second only to Asia. Investments have sought to add value to crude production and potentially increase exports whilst also meeting strong growth in regional demand.

An estimated increase of approximately 45 percent is expected in the total tonnage of refined products between 2010 and 2020 from the Middle East, compared with approximately 25 percent in the previous decade. This will be achieved by adding new refining capacity which is both larger in size and more complex.

With further significant investments being planned in the region, some key questions about these investment decisions remain:

- What policies and investment models will best support further industry growth?
- How competitive will Middle East refiners be in export markets?
- What is the impact of regional demand for power on liquid hydrocarbon fuels?
- How much of a role will petrochemical integration play?
- How do Middle East refinery margins compare with those for other refining centers, like USGC, Singapore, and Western Europe?
- How much additional Middle East capacity is viable?
- Is there a limit?
- To what extent do national initiatives like job creation play a role?

- What is the expected impact on margins if Middle East refiners are exposed to market prices for natural gas?
- How can refineries best be configured to help meet regional power requirements? What are the other options?

Profitability is key to sustained growth and also for returning capital from investment. Global refining margins have been taken through a roller coaster ride in the last 15 years. Are Middle East refineries better placed to weather such financial upsets?

The Table of Contents is as follows:

1. Executive Summary
2. Regional Overview
3. The GCC Refining Industry
4. Competitiveness
5. Future Trends

Nexant's Special Report is useful to Middle East refining companies who have previously or are in the process of adding production capacity. The impact of the Middle East on other refining centres such as Europe and Asia also makes this report important for refiners in those regions. The analysis is also critical to investors seeking to become involved with financing Refining investments in the Middle East.

For information regarding the **Competitiveness of Middle East Refining and its Global Impact** report, please contact STMC@nexant.com.

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