



SIBUR AND SINOPEC: AGCC DEAL CLOSED

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Soon to be the world's largest polymer production facility, the capacity of the Amur GCC in its regular cycle will amount to 2.7 mtpa: 2.3 mt of polyethylene and 400 kt of polypropylene. The construction of the complex is progressing in step with the gradual ramp-up of Gazprom's Amur GPP to full capacity, meaning the latter could supply ethane and LPG to Amur GCC to be processed into high value-added products. The completion of construction and commissioning is scheduled for mid-2024.

DMITRY KONOV

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Having obtained all the necessary approvals from the regulators of both countries, SIBUR and Sinopec closed the deal and set up a joint venture (JV) at the Amur Gas Chemical Complex (GCC). SIBUR and Sinopec will hold a 60% and 40% stake in the JV, respectively.

In June 2019, the parties signed a term sheet for a potential joint venture. Following the final investment decision, all the necessary corporate and regulatory approvals were obtained to close the deal, which will give joint control over the JV to the two parties.

The Amur GCC project will help attract international investment into the Russian economy while also making a considerable contribution to the national programme of growing Russia's non-commodity exports. Given the facility's advantageous geographical location, its products will be targeting Asian markets, primarily China, which is the largest consumer of polymers globally. Amur GCC is set to become the global benchmark for environmental performance and technological innovation, including through its reliance on renewable energy sources. The project budget is expected to total under USD 10 billion.

ZHANG YUZHUAO

"Amur GCC is a milestone in the cooperation between Sinopec and SIBUR, and will also become a model for Sino-Russian energy cooperation."

Dmitry Konov, Chairman of the Management Board at SIBUR Holding, commented on the event: “SIBUR and Sinopec have a long track record of jointly delivering on large-scale investment projects and implementing advanced production technologies. Creating a joint venture is a major milestone in our Amur GCC project. With Sinopec’s involvement, we will be able to maximise the project’s efficiency, in particular optimising and balancing the facility’s future debt portfolio, while also enhancing its expertise in distribution across Asian markets.”

Zhang Yuzhuo, Chairman of Sinopec, added: “Amur GCC is a milestone in the cooperation between Sinopec and SIBUR, and will also become a model for Sino-Russian energy cooperation to extend to downstream chemical industry. The success of Amur GCC will inject new impetus into advancing the high-quality cooperation between the two countries in the fields of energy, chemical industry, investment, economy and trade and play a positive role in effectively promoting the sound interaction of domestic and international markets as well as the economic development, employment and social well-being of the Far East region.”