

Saudi domestic crude oil demand to rise with new petrochemicals units

Platts.com, 25th July 2017

The startup of new petrochemicals units in Saudi Arabia should push the kingdom's domestic crude oil demand to 2.9 million b/d by the end of the year, up 100,000 b/d from 2016, Riyadh-based Jadwa Investments said in a research note Tuesday.

New power plants are due to come online later this year, and new petrochemical units at the expanded PetroRabigh II complex at Jubail on the Red Sea, is expected to reach full capacity at the end of the year.

PetroRabigh is a joint venture of state-oil giant Saudi Aramco and Japan's Sumitomo, producing 2.4 million mt/year of chemicals.

The expanded complex will add another 2.6 million mt/year of capacity. It was originally due for start-up in 2016, but has fallen behind schedule.

"Other than the aromatics complex, all other units are undergoing commissioning or have already been commissioned. Those already done are either kept on recirculation awaiting upstream/downstream units or are in production," a source close to the expansion project said.

This is in addition to Sadara, the \$20 billion joint venture of Aramco and US' Dow Chemical at Jubail on the Persian Gulf.

The company started production at its fourth and final polyethylene unit in March, completing the 3.2 million mt/year petrochemicals complex.

Along with Sadara, once commissioning is completed at PetroRabigh II and production rates are ramped up, Saudi domestic consumption should hit an average of 2.9 million b/d, up from 2.8 million b/d in 2016.

Saudi Arabia's refinery throughput was 2.517 million b/d of crude in May, up 6.2% on the year, data published last week by Riyadh-based Joint Organizations Data Initiative showed.

This is along with 604,000 b/d of crude burned for power generation, down 8% on the year on increasing use of gas as feedstock after new gas processing plants were brought on stream last June.

Crude used for direct burning had hit its highest level of 899,000 b/d in July 2014.