Saudi Petrochemicals Giant Expands in China

the Associated Press

SHANGHAI (AP) — Saudi Basic Industries Corp. has begun work on a $100 million technology center in Shanghai, focusing on alternative energy and new materials for the construction and auto sectors.

SABIC's CEO Mohammed Al-Mady said Friday the center would focus on helping design and create next generation alternative energy vehicles.

It is part of a wider expansion that includes a polycarbonate production complex in Tianjin, a city in northeastern China as part of its joint venture with Sinopec, Asia's biggest refiner.

The company, which manufactures fertilizers, metals and polymers, has seen strong sales and solid profits on the back of higher oil prices.

SABIC is one of the world's largest chemical producers and its investments in China are part of a bigger energy partnership that includes a buildup of jointly run refineries as well as petrochemicals plants.

The development of China's electronics, automotive, building materials and new energy sectors is boosting demand for polycarbonates and other engineering plastics. China produced only 220,000 metric tons of polycarbonate in 2010, importing most of the 1.13 million metric tons consumed by its industries.

Even as China's growth slows, its national economic plans call for nurturing various "new industries" such as renewable energy and electric vehicles.

"Material sustainability is key to the creation of new applications across industries," Saudi Prince Saud bin Abdullah bin Thenayan Al-Saud said during the Shanghai groundbreaking ceremony.

The new research center, in Shanghai's developing research hub of Kangqiao, will share SABIC's research, design and production capacity with Chinese industries, he said.

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