

Mr. Anver Dole

President Plastics & Rubber Institute Sri Lanka



- ❖ Holding a Chemistry Honours degree with Mathematics as subsidiary from the University of Ceylon (Peradeniya Campus), Mr. Anver Dole is the President of the Institute of Management of Sri Lanka (IMSL), the Chair of the Employers' Federation of Ceylon : 'Employer Network on Disability', Chairman of ESCO Rehab Sri Lanka, and serves on the Council of the Asian Association of Management Organizations (AAMO) which comprises 19 national management organizations (NMO's) in the Asia Pacific region.
- ❖ He was the first individual from the private sector to be elected President of the Institute of Chemistry, and was President of the Chemical Sciences Section of the Sri Lanka Association for the Advancement of Science(SLAAS).



Petrochemical Conclave – 2013
Delhi, India – 18th March '13

Petrochemicals – The Sri Lankan Perspective

- Anver Dole / President
Plastics & Rubber Institute of Sri Lanka

Petrochemicals in our daily life



- We interact with numerous such products each day, from the synthetic fibers used in a fleece jacket on a cool day, to the plastics used in a toothbrush or in the fabrication of a steering wheel.



- A huge variety of products are made with petrochemicals, including plastics, soaps, pharmaceuticals, fertilizers, pesticides, detergents, flooring, solvents, epoxies etc.
- The potential for investment is therefore enormous.



- The Ceylon Petroleum Corpn. –a state enterprise was set up in 1961 to supply the fuel needs of the country
- In 1964, CPC took over entire business of import, sale & distribution of petroleum products.
- 1968 Built a 38,000 BPD refinery at a cost of LKR 175 Mn.
- 1969 –Refining capacity increased to 50,000 BPD; CPC also entered Agrochemical business.



- 1971 – The Bunkering operations at Ports, & Aviation Re-fuelling activities were Integrated with the CPC.
- 1978 – Built a factory to manufacture Nylon 6 yarn for textiles, tires, & finishing Industries costing LKR 603 Mn.



- 1987 – A Single Point Buoy Mooring (SPBM) facility was installed 9.2 Km off shore Colombo port along with intermediate crude oil storage tank farm at Orugodawatte costing LKR 1,764 Mn.
- 1992 – Modernised Refinery & increased efficiency by revamping the crude oil Distiller unit at a cost of LKR 250 Mn.
- Currently processes 2 million metric tons Of light crude oil.



- An upgrade to SL's 50,000 BPD refinery, involving doubling its capacity & boosting light distillate yields, is on the cards, & could cost up to US \$ 1.5 Bn.
- The feasibility & front-end-engineering design (FEED) has already been completed for the project.

- The state-run CPC built  over 50 years ago yields a low proportion of light distillates & higher proportion of furnace oil compared to technology available to day.
- The CPC lost 89 billion LKR in 2012, and is hoping to reduce losses this year & break-even in 2 years.

Petroleum Resources Act



- Sri Lanka will amend the Petroleum Resources Act No.26 of 2003 to ensure conformity to the international standards in the petroleum industry.
- The amended Act, approved by the Cabinet, will also introduce principles of good governance into Sri Lanka's Oil & Gas Industry.

PLASTICS IMPORTS – SRI LANKA

	2005	%	2006	%	2007	%	2008	%	2009	%	2010		2011	
HDPE														
FILM	18,138	66	17,670	76	21,246	75	18,501	74	21,577	81	22,761	76	23,993	77
BLOW	5,816	21	2,850	12	3,966	14	4,172	17	3,160	12	5,091	17	5,297	17
INJ	2,360	9	1,950	8	2,266	8	1,664	7	850	3	898	3	935	3
MONO & OTHERS	1,027	4	805	3	850	3	629	3	980	4	1,198	4	935	3
TOTAL	27,341	20	23,275	17	28,328	20	24,966	19	26,567	18	29,948	18	31,160	18
LDPE														
FILM	14,787	93	11,200	95	9,700	94	9,831	92	10,987	95	11,330	94	11,305	95
LAMI	795	5	250	2	310	3	402	4	450	4	603	5	476	4
INJ & OTHERS	318	2	360	3	310	3	438	4	136	1	121	1	119	1
TOTAL	15,900	12	11,810	8	10,320	7	10,671	8	11,573	8	12,054	7	11,900	7
LLDPE														
FILM	22,088	88	20,700	81	25,600	83	22,057	90	37,261	93	27,221	86	24,464	88
ROTO	2,761	11	4,480	18	4,950	16	1,960	8	2,743	7	3,798	12	2,780	10
INJ & OTHERS	251	1	250	1	397	1	380	2	123	0	633	2	556	2
TOTAL	25,100	18	25,430	18	30,947	21	24,397	18	40,127	27	31,652	19	27,800	16
PP														
INJ	12,650	41	13,570	41	12,840	40	10,701	36	9,473	31	13,286	32	15,424	35
YARN	7,896	26	9,750	29	10,272	32	11,859	40	10,704	35	14,117	34	14,983	34
FILM	7,283	24	6,840	20	6,420	20	4,972	17	5,872	19	8,304	20	7,500	17
COPOLYMER	2,960	10	3,300	10	2,568	8	1,906	6	4,367	14	5,813	14	6,170	14
TOTAL	30,789	22	33,460	24	32,100	22	29,438	22	30,416	21	41,520	25	44,077	26
PS														
GPSS	2,784	33	3,540	41	2,300	37	3,570	51	3,709	55	3,563	45	4,054	48
HIPS	2,428	29	2,180	25	1,640	27	2,553	37	2,009	30	3,035	38	2,956	35
K-RESIN	1,932	23	1,860	21	1,340	22	0	0	0	0	0	0	0	0
EPS	1,346	16	1,100	13	885	14	812	12	1,076	16	1,293	16	1,436	17
TOTAL	8,490	6	8,680	6	6,165	4	6,935	5	6,794	5	7,891	5	8,446	5
PET	2,334	2	2,600	2	2,840	2	4,736	4	5,244	4	7,168	4	8,012	5
PVC	26,924	20	34,060	24	33,282	23	31,929	24	25,428	17	35,301	21	39,695	23
TOTAL - PLASTICS	136,878	100	139,315	100	143,982	100	133,072	100	146,149	100	165,534	100	171,090	100



- Sri Lanka's per capita consumption of plastics is 9 kg per person per annum.
- Will increase steadily in the Future
- Interesting opportunities for Investment.

Oil Drilling



- Exploration of the North Western Mannar sea bed for oil was launched in 2008, & the top block, Block 1, of the 8 blocks identified by seismic studies as viable oil resources, was given to Cairn India for drilling.

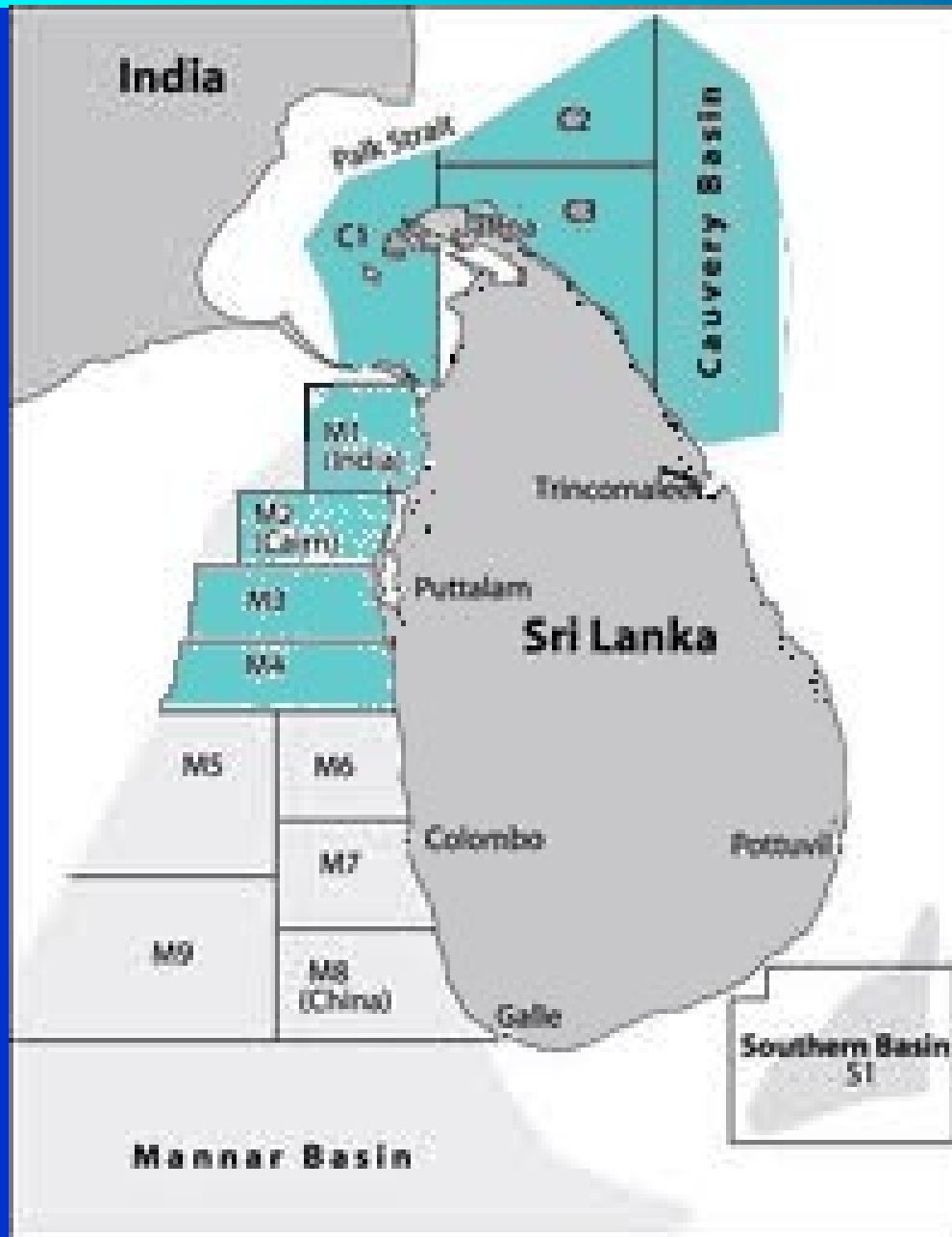


- Cairn Lanka, subsidiary of Cairn India discovered gas & liquid hydrocarbon deposits in its first exploration phase in 2 of the 3 wells.
- Commercial viability is not yet known.
- This year Cairn drilled the fourth well, but reported negative results.



- Cairn has rights to drilling one of 8 blocks in the Mannar Basin. China & India have been offered one each, which they have yet to accept.
- Vietnam & Sri Lanka signed a deal on oil exploration last year. Russia's Gazprom & Malaysia's Petronas are two other Co's that have expressed interest.
- Sri Lanka has no oil reserves of its own & spends over US \$ 4 billion a year on imports.

Oil Drilling





- Sri Lanka has decided to expand the oil exploration activities from Mannar to Galle in the South, this Year.



- Sri Lanka is currently in the process of inviting Co's to bid for licenses on some of the 13 blocks in the Cauvery & Mannar Basins off its Northwest coast.
- Sri Lanka's Petroleum Resource Development Secretariat announced that Cairn's abandonment of the latest well, was not expected to have an impact on prospective bidders.



- Sri Lanka has said that seismic data by Norway's TGS Nopec Geophysical Co. ASA, had shown the potential for more than 1 billion barrels of oil under the sea in a 30,000 sq. km area of the Cauvery basin.
- Bids were opened last week in Houston, USA & will end 5 months later.



- The world has produced about 1 trillion barrels of crude oil to date.
- Approx. 2 trillion barrels more are expected to be produced over the next century.

Environmental concerns



- Petrochemicals are slow to breakdown in the natural environment, & raises issues about proper use & disposal of consumer products.
- These products are not renewable because they come from resources built up over the course of millions of years. When the world's deposits of crude oil & natural gas are exhausted, a serious problem could emerge for the petrochemical industry
- These challenges need to be addressed, & the sooner the better.

Human Development Index



- Sri Lanka was ranked first in South Asia in Human Development Index: Health, Education & Income (UNDP)

Quality-of-Life Index



- Sri Lanka was ranked at 43 out of 111 countries.

Global Country Brand Index (CBI)



- Sri Lanka made it to the influential Country Brand Index for the first time in the compilation's 8 year history, debuting at a "respectable" 67th rank out of 118 countries surveyed by Future Brand.
- Sri Lanka was ranked 67th overall and 13th among Asia Pacific nations, for 2012 / 2013, & Sri Lanka's rank was described by Future Brand as a "wonderful achievement for a debutant".



- FB explores the complexity, dynamics and benefits of how nations manifest as brands. It was a proprietary Hierarchical Decision Model (HDM) to determine how key audiences including residents, investors, tourists and foreign governments perceive a country's brand.

Ease of doing Business (WB & IFC)



- Sri Lanka has bettered its ranking to 81 from 89 in an ease of doing business ranking compiled by the WB & IFC, by computerizing key processes.
- It marks the first time, since 2005, that a South Asian economy has ranked so high.

Ease of doing Business Rankings



Sri Lanka :

2010 : 105 out of 183

2011 : 98

2012 : 89

2013 : 81

South Asia Rankings



Sri Lanka	:	81
Maldives	:	95
Pakistan	:	107
Nepal	:	108
Bangladesh	:	129
India	:	132
Bhutan	:	148
Afghanistan	:	168

GDP per Capita



- Sri Lanka's, GDP per capita is US \$ 2,864 and exceeds all other countries in South Asia other than the Maldives.

Source : IMF World Economic Outlook Data base.

Economic growth rate



- In 2011 Sri Lanka achieved 8.2% economic growth rate - highest since Independence.
- This is the first time that Sri Lanka's economy grew at more than 8% for two successive years.
- Growth estimate for 2012 is 6.5% -(ADB)



- Sri Lanka boasts of a stable and strong Government.
- Unprecedented infrastructure development has taken place since the cessation of the 30 year war in 2009, including in the North & East.



- As I speak this morning, Sri Lanka's second International Air port is being opened at Mattala in the Hambanthota district with capability to handle A 380's.
- A new Port in the deep south has already been opened.
- Visitors to Sri Lanka have been very impressed with the visible changes that are currently taking place.



- South Asia & most certainly Sri Lanka, has much to offer potential investors in Petrochemicals.



Thank You !