



# 6<sup>th</sup> Petrochemical Conclave

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## Refining & Petrochemicals Trends and Integration

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### Synopsis

Over the past decade, major shifts in global energy markets have transformed the competitive landscape for fuel and petrochemical producers and caused many firms to reconsider their business plans and technology investment strategies. Major changes in the global macro environment have included obvious and highly publicized events such as the shale gas revolution in the United States, step-change lower crude prices and its impact on the budgets of oil producing countries, the easing of international sanctions on Iran, the removal of fuel subsidies in many countries, and the social awakening in China to name a few.

These events have created challenges for some and opportunities for others. Many refiners have driven to improve margins through vertical integration with petrochemicals, while many petrochemical producers have driven to back integrate into refining. The intersection of these two worlds is quite often where the most serious problems arise.

Vertical integration that captures world-class economies of scale and value creation also requires world scale access to cash. While developing a strong business plan and Finance solution are challenging in themselves, success is often impeded by less noble factors such as inadequate domain knowledge, business silos, political inefficiencies, and risk tolerance inconsistent with the business model.

In this presentation we will review some of the recent global refining and petrochemical trends, some of the more successful approaches to integration and some pitfalls to avoid.