

## **ADNOC Is Courting China, Inking Deals Worth \$12B With Wanhua Chemical**

The Abu Dhabi National Oil Company (ADNOC) has signed a partnership framework agreement deal valued at \$12 billion with China's Wanhua Chemical Group, indicating the former's appetite to increasingly look east for growth in a changing investment landscape.

The agreement will explore and develop new opportunities in the UAE and China's downstream sector - a key area that ADNOC has been focusing on as part of its growth strategy. The announcement comes amidst a state visit by Abu Dhabi's Crown Prince Sheikh Mohammed Bin Zayed to China, which has helped cement a range of deals between the UAE and China.

ADNOC has also signed a shipping joint venture with Wanhua Chemical, building on the 10-year LPG supply contract it inked with the latter in November 2018. The JV includes the operation of the two very large gas carriers and will allow both companies to maximize the value of their LPG portfolio.

In addition to that, both companies have also agreed to develop JVs in both China and the UAE. Within the Emirates, JV would be focused on producing downstream derivatives, including polyurethanes value chain chemicals at ADNOC's integrated refining petrochemicals complex in Ruwais. The JV in China would focus on exploring investment opportunities for the development and production of petrochemical and derivative products in Yantai, Shandong Province, China.

These partnerships will allow ADNOC to increase its feedstock supplies to Wanhua Chemicals, further solidifying the business relationship between the two.

The combination of ADNOC's expertise in polyolefins and Wanhua Chemical's expertise in specialty materials markets will allow both companies to deliver a much more diversified offering to customers in several end-application segments such as building and construction, appliances, automotive, electronics, and furnishings.

The collaboration between ADNOC and Wanhua Chemical will play an important role in shaping a downstream cluster in the new Ruwais Derivatives and Conversion Parks, leading to the creation of an expanded and further advanced petrochemicals ecosystem in the UAE.

"The bilateral nature of our planned joint cooperation into both the UAE and China is unique, as it will allow the combined platforms to benefit from ADNOC's competitive feedstock availability in Abu Dhabi, as well as capture the promising growth opportunities in China," said Dr. Sultan Ahmed Al Jaber, UAE Minister of State and ADNOC Group CEO.

The deal comes as ADNOC plans to invest about \$45 billion into downstream, aiming to create the world's largest integrated refining and petrochemicals complex in Ruwais. The facility will help the company triple production of petrochemicals to 14.4 million tons per annum by 2025.

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