



## **SABIC, ASAHI AND MITSUBISHI FORM A STRATEGIC PARTNERSHIP FOR FIRST ACRYLONITRILE AND SODIUM CYANIDE PROJECTS IN THE MIDDLE EAST**

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Saudi Basic Industries Corporation (SABIC), Asahi Kasei Chemicals Corporation and Mitsubishi Corporation signed a strategic Joint Venture (JV) Agreement today to form a limited liability company, Saudi Japanese Acrylonitrile Company (SHROUQ), in Saudi Arabia. The company will build a plant for the manufacturing of Acrylonitrile (AN) and Sodium Cyanide (NaCN), with subsequent sales and distribution to be carried out by the partners.

The agreed plan is to establish world-scale plants with capacities of 200,000 metric tons annually of AN and 40,000 metric tons annually of NaCN at one of the SABIC affiliates' sites in Jubail Industrial City, Saudi Arabia.

Mohamed Al-Mady, SABIC Vice Chairman and CEO, said: "A key driver for the project is Saudi Arabia's National Industrial Clusters Development Program aimed at growing and diversifying the Kingdom's manufacturing sector. He also noted that "AN and NaCN are very important chemicals for downstream diversification into Acrylonitrile Butadiene Styrene (ABS), Carbon Fiber, Acrylic Fiber, Acrylamide and others which serve various industries such as automotive, construction, water treatment, oil recovery, personal care, consumer goods, pharmaceuticals, electronics, gold mining and many others. "In particular NaCN will support the local mining industry in Saudi Arabia," he said.

The Asahi Kasei Group has identified AN operations as a focus for global expansion through strategic investment of management resources with the aim of gaining the number one position in the global AN market. Asahi also states in its official statement that solid demand growth for AN is forecasted to continue worldwide and that Asahi Kasei Chemicals had been considering the construction of a new AN plant to meet rising demand in the Middle East and North Africa. The Asahi Kasei Group commented that the new capacity, joined with their other production in Japan and Korea, will make them the largest producer of AN in the world at some 1.4 million tons per year upon completion of the new plant in Saudi Arabia.

The three partners moved forward with studies and negotiations based on the desire to address the growing demands in the region and globally with the establishment of a joint AN project in Saudi Arabia with superior cost-competitiveness. Under today's agreement, the three partners will now begin formulating the basic engineering design and perform advance work on a detailed business plan. Leading world-class AN and NaCN technology, a global network and established infrastructure and feedstock resources are the strengths that SABIC and the partners bring to the JV.

The partners are targeting the development of a globally competitive project with best-in-class industrial performance. The project will also focus on carrying out all necessary details for the JV incorporation and project evaluation, implementation and execution activities with final decision on capital expenditure during 2012.

[Back](#)