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BPC's first three phases pave way for expansion

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THE first three phases of BASF Petronas Chemicals Sdn Bhd's integrated chemical complex in Gebeng, Kuantan, will pave the way for future expansion of the project.

Petronas president and chief executive Tan Sri Mohd Hassan Marican, who is also BPC chairman, said the components would form the nucleus for further addition to the integrated complex.

"But investment decision takes a long time and plants also take a long time to be constructed. Expansion will very much depend on economic viability, demand and capacity to meet market demand," he said.

BPC is a 60:40 joint-venture company between BASF Aktiengesellschaft of Germany and Petronas.

Mohd Hassan said BPC hoped that it would one day grow into a fully integrated complex.

"This investment, to some extent, is organic in nature. We build the core components first and other facilities will be considered and implemented as we move along.

"This is a long-term business. We always look at the economical aspect, demand and supply environment.

"I think it is fair for us to remain cautiously optimistic about the future demand scenario for our products," he said at a Press conference in Kuantan held in conjunction with the launch of the complex by Prime Minister Datuk Seri Dr Mahathir Mohamad on Thursday.

Also present were BASF AG member of the board of executive directors Helmut Becks and BPC managing director John Fastiar.

"The foundation has been laid. We will now sit down, consolidate and take a breather and will see what will happen next," Mohd Hassan said when asked on BPC's expansion programme at the 150ha complex site in Gebeng.

Resources will not be a problem.

"There is still a lot of land there ... no problem with land," he said.

Becks, who was sitting next to Mohd Hassan, added: "Land and money are not the point. it is the market."

The complex comprises 12 chemical plants built over three phases.

The acrylic monomer plants, built under phase one, and the oxo/syngas complex under phase two have been operational since July last year and April this year. Work on the third phase, which houses the butanediol complex, is progressing.

Mohd Hassan said although the world was undergoing an economic slowdown which was expected to worsen as a result of the Sept 11 attacks on the United States, the ability and flexibility of the plant would ensure that BPC would be able to ride out the temporary setback.

Fastiar said BPC had not noticed any decrease in volume and number of orders since Sept 12.

"So for us, we are very much on track of what we want to be," he said.

Mohd Hassan said BPC would encourage users of the products manufactured in Kuantan to set up plants close to the complex.

"This is the aspiration we will like in wanting to turn the Eastern Corridor into a manufacturing corridor. Instead of exporting our products, we will like our customers to come here and build facilities in Kuantan," he said.

BPC exports 80 per cent of its products.