

Abstract
Process Economics Report 204A
ECONOMICS OF PETROCHEMICALS PRODUCTION IN SOUTHEAST ASIA
(September 1998)

This report extends SRIC's work on comparative regional economics to include the rapidly growing petrochemicals industry in the Asian arena. We compare investment costs and operating costs for representative locations in the region with those for the U.S. Gulf Coast. Our primary focus is on Southeast Asia, in particular Thailand and Malaysia, and for good overall perspective we also develop comparative data for South Korea and Saudi Arabia. For construction cost location factors we extend the regional coverage to include other Southeast Asian countries, India, China, Taiwan, and Australia. To round out the picture, we also review trends in feedstock and product pricing in the region.

Note that we carried out the bulk of the analysis on location factors and on the assessments of price trends before the Asian financial crises that occurred in the second half of 1997. The effects of those crises on East Asian costs and competitiveness are therefore not the main focus of the report. However, the analyses do provide both useful benchmarks and frameworks for assessing the effects of the Asian crises in directional terms, and we evaluate some of those impacts in the report.

The overall aim of the study is to provide insights on cost and price trends and to relate them to the degree of regional petrochemical industry development. The report should be of interest to planning and evaluation groups.

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