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# UPDATE



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Falling oil prices, the impact of US shale gas and the easy availability of cheap, Chinese ethylene are all helping to blunt the Middle East's competitive edge.

## Al-Sada: GCC must invest in innovation

The region's market share is under threat from three converging international factors

**Q**atar's minister for Energy and Industry, HE Mohammed Bin Saleh Al-Sada, has urged the region's petrochemical producers to invest in new technology in order to overcome the threat to its market share posed by a trilogy of global influences.

Speaking at the GPCA's Annual Forum in Dubai, Al-Sada highlighted the need for more investment in ground breaking tech.

"Altogether, 75% of the industry's R & D spending in the region is geared towards maintaining and advancing existing tech-

nologies while the other 25% is invested in new chemistry. I believe that the time has come for this to change," he said.

Al-Sada highlighted the fact that \$380mn was invested in 2012 which constituted a 30% increase over investment in 2011, but he warned that the region was starting to lag behind in the development of new technology.

"Our region's spending is less than 1% of the industry total while our patents are only 0.4% of the global total," he said.

Al-Sada argued that falling oil prices, the im-

pact of US shale gas and the availability of cheap, coal based ethylene from China were all blunting the region's former competitive edge.

"There is a growing need to place a greater emphasis on developing the GCC's innovative capabilities in order to stimulate and revitalise our industry's competitiveness in light of these challenges," he said.

Al-Sada's plea has been echoed by analysts and industry experts alike. Speaking exclusively to Refining and Petrochemicals Middle East, Aspen-

Tech's senior vice president for the Middle East, John Hague, said that investment was also needed in staff training to facilitate more intelligent usage of new technologies.

"The Middle East is investing a tremendous amount. However, the challenge is to develop the internal cultures and the personal expertise of applying the technology to get the most out of it. Companies can't just throw the money at the situation. They can't just buy the tool and expect it to do everything for them. It requires people to un-

derstand the various uses of the tools," he said.

Al-Sada concluded his speech with a strong sense of optimism for the region's future prospects in the downstream sector.

"Our industry champions are more than capable of managing the growth and competitiveness of this cyclical industry. The GPCA Forum is the most fitting catalyst for ideas and the facilitator for sharing knowledge and expertise in the quest to explore and assess the strategic direction of the chemical industry," he said. **REMEME**