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ENGLISH

First Consultation Meeting on the
Petrochemical Industry, 1979

Mexico City, 12-16 March 1979

**ESTABLISHMENT OF A WORKING GROUP ON THE WORLD SUPPLY AND DEMAND
OF PETROCHEMICALS ^{1/}**

Note by the UNIDO Secretariat

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Organisation des Nations Unies pour le développement industriel

Première Réunion de consultation
sur l'industrie pétrochimique
Mexico (Mexique), 12-16 mars 1979

CREATION D'UN GROUPE DE TRAVAIL
SUR L'OFFRE ET LA DEMANDE MONDIALES DE PRODUITS PETROCHIMIQUES
Note du Secrétariat de l'ONUDI

Rectificatif

Pages 10, 12, 14, tableaux 1, 2 et 3, première colonne

- Ligne 5 : supprimer "Pays à économie de marché"
- Ligne 10 : supprimer "Pays à économie planifiée"
- Ligne 12 : supprimer "(Pays membres du CAEM)"
- Ligne 15 : supprimer "Pays à économie de marché"
- Ligne 20 : supprimer "Pays à économie planifiée"

Pages 16 et 17, tableau 4, première colonne

- Ligne 3 : supprimer "Pays à économie de marché"
- Ligne 8 : remplacer "Pays à économie planifiée" par "Europe de l'Est"
- Ligne 10 : supprimer "Pays à économie de marché"
- Ligne 17 : supprimer "Pays à économie planifiée"

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INTRODUCTION

1. The Second General Conference of UNIDO held at Lima, Peru, in March 1975 recommended that UNIDO establish a system of continuing consultations between developed and developing countries.
2. At its meeting in April/May 1978, the Industrial Development Board authorized the UNIDO secretariat to convene the First Consultation Meeting on the Petrochemical Industry in 1979.
3. To complete preparations for this meeting, a Global Preparatory Meeting was convened 27 to 29 November 1978. The Meeting recommended the establishment by the UNIDO of a Working Group on the World Supply and Demand of petrochemicals. (ID/WG.291/2, para.12-15, which are reproduced below).
 - I. RECOMMENDATION OF THE GLOBAL PREPARATORY MEETING TO ESTABLISH A WORKING GROUP ON THE WORLD SUPPLY AND DEMAND OF PETROCHEMICALS
4. The Meeting saw a need to prepare on a world-wide basis forecasts of demand for petrochemicals and the production capacity available to supply petrochemicals. Such forecasts should be regularly updated. Initially, 10-year forecasts should be prepared based on a realistic consolidation of existing forecasts made by individual countries or groups of countries. The world-wide demand/supply capacity position in basic petrochemicals should be examined first, followed by an examination of selected intermediate and final products.

5. The Meeting therefore recommended that UNIDO discuss with OECD, OMEA and OPEC their co-operation in establishing a joint working group on the world supply and demand of petrochemicals with the following terms of reference:

- (a) To prepare and regularly update a 10-year forecast of demand for petrochemicals, expressed in terms of demand for basic petrochemicals, in major consuming countries, and at regional and world levels;
- (b) To prepare and regularly update a 10-year forecast of feedstocks available for the production of basic petrochemicals at regional and world levels;
- (c) To prepare and regularly update estimates of existing capacities to supply basic petrochemicals in major producing countries, and at regional and world levels;
- (d) To extend the demand/supply exercise described above to selected intermediate and end-products as appropriate.

6. The Meeting further recommended that UNIDO, as secretariat of the proposed working group, should invite to participate in the working group, as required:

- (a) Representatives of selected individual countries that are large consumers or large producers of petrochemicals;
- (b) Representatives of regional groups of countries such as the Andean Group, ASEAN, OAPEC etc.;
- (c) Representatives of industry associations or federations formed by groups of countries such as CEFIC;
- (d) Representatives of other organizations of the United Nations system such as ECE and UNCTAD.

7. The Meeting recommended that the UNIDO secretariat should submit the above proposal to the First Consultation Meeting, together with the response of the organizations to the invitations of the UNIDO secretariat to co-sponsor the establishment of the working group.

II. FURTHER INFORMATION RELATING TO THE PROPOSAL TO ESTABLISH A WORKING GROUP

8. The Global Preparatory Meeting clearly outlined the terms of reference of the proposed working group and its possible composition. The matters remaining to be clarified are:

- (a) The joint sponsors;
- (b) The form of presentation of the information collected;
- (c) The petrochemical products to be covered;
- (d) When the Working Group should be convened.

The Joint Sponsors

9. When this paper was finalized (23 February 1979), OPEC had responded to UNIDO's invitation to co-sponsor the Working Group. OPEC's replied positively, confirming the importance that the Organization attached to such a working group and indicating that its contribution would be that of a technical observer. The replies of OECD and CMEA will be reported to the Consultation Meeting.

Presentation of the information

10. The ways in which information on (a) the world demand for a petrochemical product, (b) the world production capacity and (c) the world available supply that could be presented are shown in Tables 1, 2 and 3. The countries falling within each region are listed in Table 4.

The petrochemical products to be covered

11. It is suggested that authoritative information should be worked out on the following 8 basic petrochemical products and also on some or all of the intermediate and final products listed below. Since the tasks are inter-related they may need to be conducted at the same time.

Basic petrochemical products

Olefins: ethylene, propylene, butadiene
Aromatics: benzene, paraxylene, orthoxylene
Gas synthesis products: methanol, ammonia

Intermediate petrochemical products

Fibre intermediates: acrylonitrile, caprolactam, DMT, TPA
Other intermediates: styrene, vinyl chloride

Final petrochemical products

Plastics: PVC, high and low density polyethylene, polypropylene, polystyrene
Synthetic Rubbers: styrene butadiene rubber (SBR)
Synthetic Fibres : acrylic, polyamide, polyester fibres.

12. The UNIDO World-wide Study of the Petrochemical Industry Vol. II Appendices has collected the basic information needed to conduct work on those 23 products. The information was prepared in mid-1977 and now needs to be updated. For example, UNIDO's recent estimates show that total world capacity to produce ethylene in 1980 is now likely to be lower than the total that was forecast in mid-1977. This shows the importance of the Working Group up-dating the information it prepares once or perhaps twice a year.

When Meetings of the Working Group should be convened

13. It is anticipated that the Working Group would need to meet twice in 1979 in June and November. At the first meeting, ways to achieve a uniform approach to estimating available supply and forecasting demand would be discussed. Provision is made in Table 1 for projected demand 10 years ahead to consider three possible scenarios; the economic parameters and other assumptions on which those scenarios are to be based would have to be agreed by the Working Group at its first meeting.

III. RECOMMENDATION OF THE CONSULTATION MEETING

14. The Consultation Meeting is invited to endorse the proposal of the Global Preparatory Meeting that UNIDO establish a Joint Working Group on the World Demand for and Supply of Petrochemicals with the terms of reference outlined in para. 5 above.

15. It is further invited to indicate which petrochemical products might be covered initially, how the information should be presented, bearing in mind that information on major consuming and producing countries as well as regional totals were suggested by the Global Preparatory Meeting.

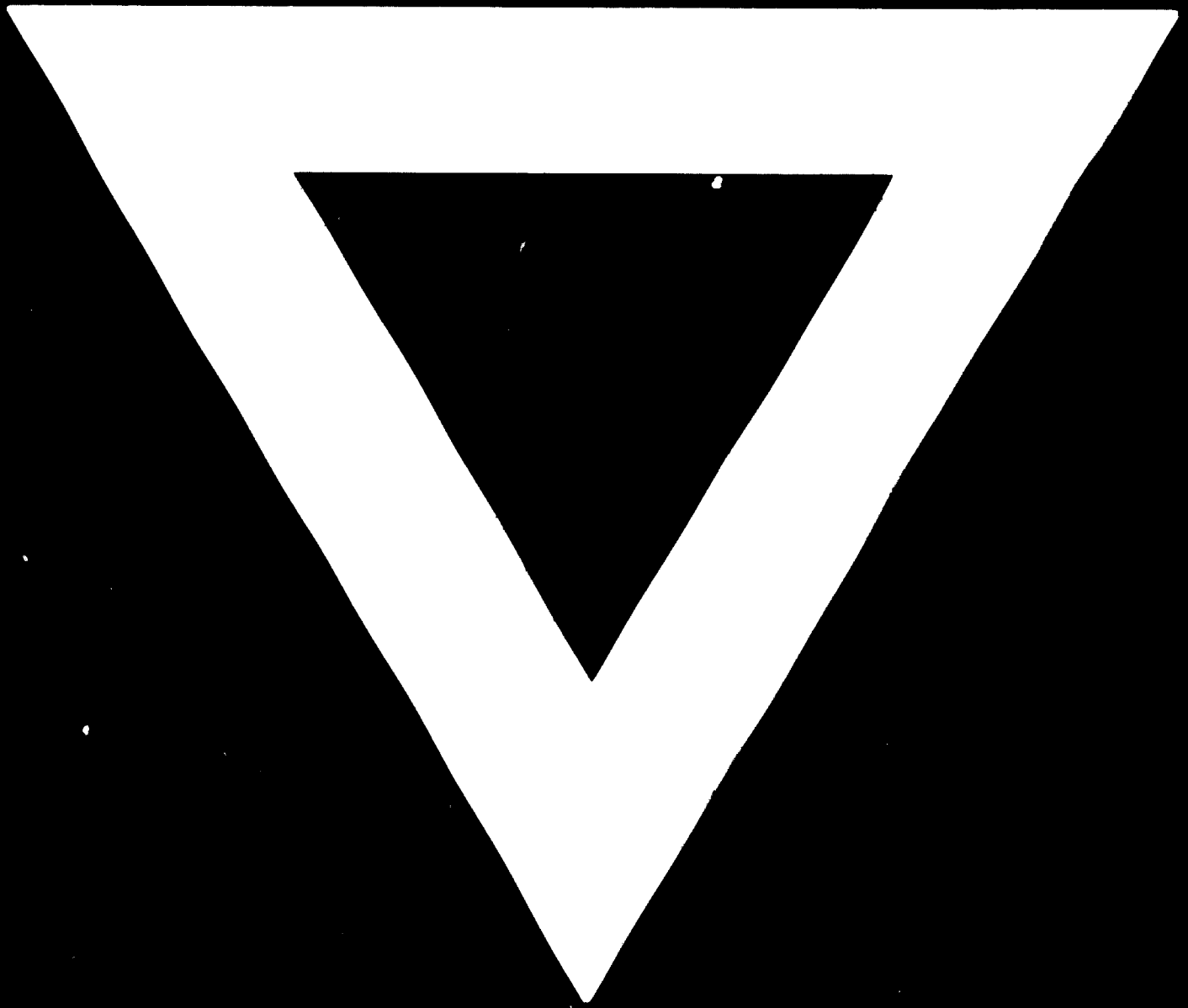
3. World available supply of petrochemical product X forecast for the next 5 and 10 years

Product	Groups of countries and regions	Available supply from capacities completed end 1978	Available supply from new capacities					Total available supply			
			Under construction		Firmly planned		Projected after 1983	1978	1981	1983	Projected
			1979	1980	1981	1982					
DEVELOPED COUNTRIES											
<u>Market economies</u>											
Western Europe											
North America											
Japan											
Other IMEC's											
<u>Centrally planned economies</u>											
Eastern Europe (CMEA countries)											
Total											
DEVELOPING COUNTRIES											
<u>Market economies</u>											
Africa											
Asia - Middle East											
Asia - Other countries											
Latin America											
<u>Centrally planned economies</u>											
China											
Other countries											
Total											
Total world capacity											

Table 4
Classification of countries into regions

<u>REGIONS</u>	<u>COUNTRIES</u>
DEVELOPED COUNTRIES	
<u>Market economies</u>	
Western Europe	Austria, Belgium, Denmark, Finland, France, Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom.
North America	United States, Canada.
Japan	
Other developed countries	Australia, New Zealand, South Africa.
<u>Centrally planned economies</u>	Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, USSR, Yugoslavia.
DEVELOPING COUNTRIES	
<u>Market economies</u>	
<u>Africa</u>	Algeria, Angola, Benin, Botswana, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Congo, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Niger, Nigeria, Reunión, Rhodesia, Rwanda, Senegal, Seychelles, Sierra Leone, Somalia, Spanish Sahara, Swaziland, Tanzania, Togo, Tunisia, Uganda, Upper Volta, Zaire, Zambia.
Asia - Middle East	Bahrain, Cyprus, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Gaza Strip (Palestine), Qatar, Saudi Arabia, Syrian Arab Republic, Turkey, United Arab Emirates, Yemen, People's Democratic Republic of Yemen.
Asia - Other countries (South Asia-East Asia)	Brunei, Burma, Indonesia, Malaysia, Philippines, Timor, Singapore, Thailand,
(Middle South Asia)	Afghanistan, Bangladesh, Bhutan, India, Iran, Maldives, Nepal, Pakistan, Sikkim, Sri Lanka, Hong Kong, Republic of Korea, Macau.
Latin America	Argentina, Barbados, Bolivia, Brazil, Belize, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Mexico, Netherlands Antilles, Nicaragua, Panama, Paraguay, Peru, St. Lucia, St. Vincent, Surinam, Trinidad and Tobago, Uruguay, Venezuela, Virgin Islands.
<u>Centrally planned economies</u>	
China	
Other countries	Albania, Democratic Kampuchea, Democratic People's Republic of Korea, Laos, Mongolia, Socialist Republic of Vietnam.

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