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MONTHLY NEWS

Chemical Industry News for Central Europe, South East Europe and Eurasia

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Czech Republic | Slovakia | Hungary | Poland | Bulgaria | Romania | Croatia | Slovenia | Yugoslavia | Baltic States | Russia | Belarus | Ukraine | Transcaucasus | Central Asia | Kazakhstan

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Features from the August 2003 issue

- Spolana plans to wind down its loss-making production of linear alpha olefins (LAO). This unit accounts for nearly a quarter of its sales, but contributes roughly Kc 500 million to Spolana's overall loss each year.
- BorsodChem has closed down its 40-year-old PVC unit with a capacity of 30,000 tpa. The plant, which had been idled in the 1990s, was re-opened in August last year to meet the additional demand in Central Europe left by the temporary closure of Spolana, and also the lack of activity at Tarnów.
- The Croatian government has sold a 25% plus one share stake of INA to MOL for \$505 million. MOL already controls Slovnaft and is also pursuing further cross-border expansion in its battle with OMV and PKN Orlen for a leading role in Central and South East Europe. MOL's strategic goal is to create an alliance of strong oil companies with INA and Slovnaft as a base, that will consequently become the leader in the region.
- From July LUKoil-Neftekhim has started to sell all grades of high density polyethylene from the Budyennovsk plant in small quantities from its Moscow warehouse. The emphasis is to develop a distribution programme targeted on stimulating the domestic market. Currently, LUKoil-Neftekhim's share of the Russian HDPE market is around 40%. The Stavrolen plant runs on average at around 90% of its total 300,000 tpa capacity.
- SIBUR-Neftekhim completed its planned maintenance shutdown over the summer at the Kstovo petrochemical complex, and also at the ethylene oxide and glycol plants at Dzerzhinsk. Maintenance was completed at other smaller units at Dzerzhinsk which are part of the ethylene derivative chain. T
- Tatar-American Investments (TAIF) will take control of 51% of Kazanorgsintez by the end of this year, increasing its stake from its current level of shares of 17.89%. According to official sources 26.64% of Kazanorgsintez was owned by the state as of 1 January 2003.
- Nizhnekamskneftekhim announced plans at the July to build a new polypropylene plant costing \$120 million. Construction will take 28-29 months from the date the project is started. Basell technology will be used. This project has been a priority for Nizhnekamskneftekhim in the past year, and could be followed soon by a project for polyethylene.
- According to the Belarussian State Property Management Fund no bids have been submitted for the tenders for Naftan, Polymir, Azot and Khimvolokhno. The opening price for Naftan was fixed at the level of \$476 million, Polymir at \$311 million, Azot at \$293 million, and Khimvolokhno \$71 million.
- Novatech at Novokuibyshevsk in the Samara region has signed a tripartite contract with the German company Bruckner and the Russian company Alpha-Leasing for the construction of a new plant for producing BOPP film.
- After completing its takeover of St Petersburg-based North-western Shipping, Volga Shipping has launched plans to expand rapidly into chemical shipping to Rotterdam, and also containers to and from Iran. Volga Shipping is based at the river port of Nizhniy Novgorod and has just made its first trial shipment of Russian MEG from Dzerzhinsk using a river-sea class vessel.

(Czech crown, Kc, Jul 28, \$1 = 27.8590, €1 = 31.9639)

Unipetrol 2003

Subsidiaries Ceska rafinérská (CeR), Chemopetrol, Kaucuk and Paramo, all made a profit in the first half of the year, while the other two units belonging to Unipetrol, Benzina and Spolana, ended in the red.

Unipetrol lost Kc 2.9 million overall. Chemopetrol raised sales by 30% against last year to Kc 11.2 billion due mainly to the launch of new petrochemical facilities, including polyethylene and polypropylene. CeR and Kaucuk were in the black in the first quarter of this year, with the gross profit set at Kc 878 million and Kc 86 million respectively.

Unipetrol's privatisation

After the acquisition of INA by MOL there is strong impression emerging that there will be a fierce fight for the stake in Unipetrol and the final price could possibly be a surprise for the market. As Unipetrol probably represents one of the last chances for expansion in the Central European region it could even be that some form of price war is seen. This would represent a very different scenario from the first tender.

The and speculation about the mandatory buyout offer, coupled with Unipetrol's better performance, have pushed its share price upward on the Prague bourse notably this year. The general view is that the state could get anywhere between Kc 9-11.7 billion for its 63% of Unipetrol. But there are some observers who think even higher numbers could be achieved.

The Czech government's 63% stake in Unipetrol is now one of the few remaining regional assets in the oil industry which is still up for privatisation. Its sale later this year could determine who among MOL, OMV and PKN Orlen emerges as regional leader.

Ceska rafinérská

Ceska Rafinérská's (CeR) transformation to a processing refinery has taken effect from the start of August. The decision to convert the refinery followed more than two years of conflict between the various subsidiaries within Unipetrol over the correct input and output costs of CeR's processing of raw materials.

Unipetrol needs over Kc 2.5 billion for the launch of the re-processing refinery, and this is mainly for the purchase of oil. CeR is 51% owned by Unipetrol and 49% by the IOC consortium comprising Agip, Shell and Conoco. The shareholders expect from the new model improved cost efficiency and an optimal structure of refinery production. This will culminate in better utilisation, resulting in an improved positioning of CeR against competing refineries.

Last year CeR recorded a Kc 735.6 million loss and in 2001 the loss was Kc 60.6 million. In 2000, however, it netted more than Kc2 billion. The company under the new structure will not see such variations in profits and losses. The inconsistency of the bottom line figures has been caused chiefly by the unsteady refinery margin, caused by the difference between prices of refinery products and the cost of oil.

Spolana

Shareholders at the extraordinary general meeting (EGM) of Spolana on 28 July failed to approve the proposal for its liquidation submitted by 3% minority shareholder Sokato. Sokato, based at Brno, had demanded Spolana's dissolution through liquidation at the EGM. Sokato considers Spolana's performance to be inefficient and therefore proposed its liquidation. However, shareholders did not approve the proposal, as had been expected. Unipetrol had thought before the meeting that Sokato was seeking an advantageous buyout of its shares. Sokato said that it would file a complaint about the result, under the argument that the votes of Spolana's majority owner Unipetrol and the bail-out agency Ceska konsolidacni agentura CKA, are invalid.

Unipetrol controls 81.78% of Spolana's stock whilst close to 10% is in the hands of CKA. Sokato, with a 3% stake, had a lower number of shares but last year it reportedly bought some of shares of Deutsche Bank, which had held more than 3.5% of the stock. Last year, Spolana lost Kc 491.3 million, down from 2001's loss of Kc 699.7 million. In Q1 of this year the loss was extended from Kc 56 million to Kc 123.7 million. This year's performance has been affected by the removal of flood damage.

The situation could improve in the second half this year according to Spolana and this is due to the decision taken at the end of July to wind down its loss-making production of linear alpha olefins (LAO). This unit accounts for

nearly a quarter of its sales, but contributes roughly Kc 500 million to Spolana's overall loss each year. The reasons are low prices of the product on European markets and a repayment of purchase costs of technologies from the early 1990s. One third of the 90 employees working in the LAO unit would be offered other jobs within the company. The measures have been taken in an effort to push the company into black figures. Spolana hopes that after this move it should post a profit as early as next year.

AliaChem

AliaChem reported a 12% fall in sales to Kc 3.2 billion in the first half of the year, while gross profit grew by nearly a half to Kc 143 million. The company blames the lower sales on exchange rate effects and restructuring measures in the year 2002. As part of the restructuring programme, AliaChem is reducing its product portfolio and raising the share of products with high added value. AliaChem comprises Synthesia Pardubice (60% of sales) and Fatra Napajedla. The latter merged with Technoplast Chropyne as of 1 January 2003.

Slovakia

(Slovak Crown, Sk, Jul 28, \$1 = 36.59 €1 = 41.9689)

Slovnaft

YUKOS has agreed to sell \$10 billion worth of oil to MOL up to the end of 2013, as the Russian company seeks to secure outlets for its crude. The ten-year contract covers 55–60% of the oil processed at MOL's refineries in Hungary and Slovakia. The new contract takes effect from January 2004. MOL increased the amount of oil it buys from YUKOS primarily to supply the Bratislava refinery.

MOL faces up to Sk 1.2 billion (\$32 million) in additional costs for the acquisition of Slovnaft following a ruling by the Bratislava market regulator on 18 July. The regulator said there had been no manipulation of the share price on the Bratislava bourse in March, when unusually large volumes of Slovnaft stocks were traded at premium prices just days before MOL made a mandatory buy-out offer for the outstanding 30% of Slovnaft shares.

Slovnaft has selected UOP's Benefits Targeting Study (BTS) to deliver a profit improvement programme for its refinery. The programme, performed by UOP Solutions and Services, utilises Linear Program (LP) modelling to screen various options and develop a staged plan to improve refinery profitability and meet future fuel specifications. UOP will also use the LP to test various technology options for maximising the production of value-added products in the refinery. The project is scheduled to last three years.

Eastern Germany

Dow Chemical is reported to be planning an expansion of its production facilities in eastern Germany. Dow intends to invest around €2 billion (\$2.4 billion) in new and existing plants over the next decade. The company could apply for subsidies from the EU as well as the German and state governments. The Italian company Manuli Stretch and the Belgium company RP-Compounds are already expanding their capacities at the Dow ValuePark at Schkopau in anticipation of the expansion. In both cases polymers do not need to leave the Schkopau plant and only the finished product actually goes on the road for delivery to the end-user.

Dow is aiming to increase its capacity to produce polyethylene, polypropylene and polystyrene at Schkopau, where its subsidiary Buna Sow Leuna Olefinverbund (BSL) has already laid the foundation for a second PET plant. The plant is scheduled to open late in 2004 for a total cost of €100 million.

Jacobs Engineering Group's subsidiary company in the Netherlands received a contract this year from Dow to provide engineering and procurement services for the construction of a world-scale PET train at Schkopau. The engineering work follows completion of the front-end design phase, during which Jacobs collaborated closely with Dow's design and construction engineering headquarters in Houston, Texas.

Hungary

(Hungarian forint, Ft, Jul 28, \$1 = 230.590 €1 = 264.5098)

BorsodChem

BorsodChem has closed down its 40-year-old PVC unit with a capacity of 30,000 tpa. The plant, which had been idled in the 1990s, was re-opened in August last year to meet the additional demand in Central Europe left by the

temporary closure of Spolana, and also the lack of activity at Tarnów. BorsodChem said that the decision to close the facility reflected high overheads and problems with maintaining quality. The closure has reduced BorsodChem's production capacity to 300,000 tpa.

MOL

The INA acquisition (see *Croatia*) strengthens MOL's position at the head of an alliance including Slovnaft and TVK (both majority owned by MOL). INA, Slovnaft and MOL will have a combined refining capacity of 450,000 barrels a day and more than 1,200 retail petrol stations in the region's nine countries. In terms of petrochemical assets the company has established a strong base across the region in olefins and derivatives and also aromatics. This would be complemented healthily with a successful bid for Unipetrol.

MOL intends to finance the INA deal from its own resources and existing debt facilities, including a recent €600 million syndicated bank loan.

MOL has signed a €150 million term loan with the EBRD to complete its benchmark €750 million two-tranche financing. This financing is notable as it includes the largest recorded unsecured commercial bank facility in the oil & gas sector in Central and East Europe. It is also the largest single EBRD commitment both in the natural resources sector in Central and East Europe, and also to a Hungarian borrower.

The proceeds of the commercial bank facility will be used for general corporate purposes, while the proceeds from the EBRD facility will be used to support planned environmentally-focused capital expenditure projects.

Poland

(Polish zloty, zł, Jul 28, \$1 = 3.7790 €1 = 4.4263

Polish restructuring

The Polish Treasury has indicated that the planned unification of the chemical companies will lead to new single company making its stock debut by 2005. The aim is that the new company would be freed of debts by 2004. Gas represents a major problem for the chemical companies due to the heavy emphasis on fertiliser production. The Polish Treasury is hoping that PGNiG will in due course realign prices to give these companies more of a chance to make profits.

ZAK

Zakłady Azotowe Kedzierzyn has thus far been unable to secure investments for the methanol project, which is seen as a priority for the company. There are four projects being examined by ZAK with a total value of \$400 million. It is conceivable that the price of gas may have deterred investors in Poland, which would account for a major cost in the production of methanol. The plant size would be 200,000 tpa which is small by global standards but the product is only required for captive requirements.

Grupa Lotos

Polish Chemical Output (unit kilo tons)		
<i>Product</i>	<i>Jan-May 03</i>	<i>Jan-May 02</i>
LDPE	67	73
Polypropylene	61	54
PVC	100	99
Caustic Soda	167	161
Nitrogen Fert	723	634
Phosphate Fert	209	215
Synthetic Fibres	41	38

The Polish government has rejected a bid by Rotch Energy and PKN Orlen to buy Lotos, thwarting PKN's merger initiative. Instead, the government plans to build a new fuel group around Lotos, formerly called Rafineria Gdanska, before possibly merging it with PKN on different terms.

The decision, widely expected, affects PKN's plans to lead the consolidation of central Europe's fuel sector. Poland wants to create a new fuel group around Lotos by merging it with several small refineries, but there are views that such a

group might not be economically viable.

SOUTH EAST EUROPE

Croatia

The Croatian government has sold a 25% plus one share stake of INA to MOL for \$505 million. MOL already controls Slovnaft and is also pursuing further cross-border expansion in its battle with OMV and PKN Orlen for a

leading role in Central and South East Europe. MOL's strategic goal is to create an alliance of strong oil companies with INA and Slovnaft as a base, that will consequently become the leader in the region. The decision on INA was widely expected after MOL outbid OMV, which had offered \$420 million. OMV then boosted its bid to match MOL's terms but Zagreb dismissed the revised offer as too late. Rosneft backed out from the tender after the government rejected its request to buy a majority stake in INA.

The deal will give MOL access to crude and refined product import and export points on the Adriatic. MOL will be required to retain all of INA's 16,000 workers for the next three years and invest almost \$400 million. This will be used mostly to upgrade its two old refineries at Sisak and Rijeka in order to reach EU standards. MOL will not be allowed to raise its stake to a majority. The completion of the acquisition is still subject to anti-monopoly approval.

MOL might consider it necessary to rationalise INA's refining capacity as there is excess capacity in the region, but that might be unacceptable from the Croatian government's point of view. Various scenarios have been put forward including MOL closing down the outdated INA refinery in Sisak instead of having to co-finance its multi-million-euro upgrade. Under the privatisation agreement MOL signed with the Croatian government last week, MOL would have to contribute to the approximately \$400 million upgrade of INA's refineries in Sisak and Rijeka, according to market information.

However, it could be that the Sisak refinery acts as a source of supplies TVK with raw materials. TVK needs more raw materials to increase production, but this would require big investments on MOL's side. The Sisak unit could be a solution to this problem. Last year, INA's output was 1.34 million tons of crude and 1.8 billion cubic metres of natural gas, while its refineries processed 5.03 million tons, or roughly half of MOL's output.

The INA sale may now pave the way for the privatisation of Dioki, which has been waiting for an investor. Dioki has the advantage of a coastal location but lacks the petrochemical feedstock base and needs to purchase ethylene on the open market.

Bulgaria

(Bul leva Jul 28, \$1 = 1.71, €1= 1.95)

Sviloza

Sviloza's entire profit of 4.810 million leva is to be reserved and invested in a reconstruction of the capacities in viscose fibre production. Over \$14 million was invested during 2002. The State Energy Regulation Commission gave green light on June 23 to Sviloza, amongst 10 other Bulgarian companies, to directly negotiate electricity prices. They will be allowed to purchase electricity from hydropower plants at prices negotiated directly with the suppliers. The decision marks the beginning of the liberalisation of the local energy market. By contrast, Solvay Sodi's proposal to construct a gas cogeneration facility for the production of electricity, was rejected by the energy regulation committee.

Orgachim

Orgachim's profits for the first half of 2003 dropped to 3.27 million leva. For the same period of 2002, the company's profit amounted to 6,493,000 leva. The company's incomes are down to 30.2 million leva. In addition to producing a wide range of paints and lacquers, Orgachim produces unsaturated polyester resins, phthalic and maleic anhydride.

Romania

Romania has unveiled plans for the privatisation of SNP Petrom, offering trade buyers a possible majority stake if an additional investment is made. The Economy Ministry said in a statement a strategic investor or a consortium would be able to buy 33-34% outright in Petrom but should, at the same time, take part in a share capital increase to raise its stake to 51%.

Selling Petrom, which is competing for a strong regional position with MOL and PKN Orlen is seen as a test of the ex-communist Balkan country's economic reforms promised under accords with foreign lenders. The government did not specify when the privatisation announcement would be made but under an agreement with the IMF Romania must privatise Petrom by the end of 2003. Officials have said major players such as Chevron Texaco, BP, Total, Royal Dutch/Shell, OMV, LUKoil, are among potential investors.

BALTIC STATES

The Lithuanian polyethylene converter UAB Umaras will launch a new bag production line in August, which will enable the company to boost sales by 20%. Umaras exports 60% of its production, mostly to West Europe.

In the first half of 2003 Lifosa at Jonava achieved 207 million Litass in sales turnover, which is by 37% more than in the first half-year of 2002. Sales increased due to increasing production and due to growth in the price for diammonium nitrate (DAP), which is the main production of the plant. Compared to the first half-year of 2002 sales of DAP increased by 52.8% to 364,500 tons. In 2003 the plant sold 11.2% of its DAP on the internal market, the rest was exported through the trading company Cargill.

Viru Keemia Grupp (VKG) in Estonia has restarted the production of shale based phenols after plant modifications. The total production capacity for phenols is 6,400 tpa. The phenols are used for the production of various kinds of resins for the manufacture of wood based materials, modifiers for tyres, epoxy resins, etc.

Forthcoming events

2nd Russian Petrochemical Technology Conference, 22-23 September 2003

Location: Moscow, Russia

Conference organiser: Euro Petroleum Consultants (EPC), UK

3rd Russian Refining Technology Conference, 25-26 September 2003

Location: Moscow, Russia

Conference organiser: : Euro Petroleum Consultants (EPC), UK

Web links for the events can be found at www.cirec.net

EURASIA, COMMONWEALTH OF INDEPENDENT STATES

Russia

(Rus rouble Jul 28, \$1 = 30.26, €1= 34.71)

Oil production in Russia, including gas condensate, in January-June this year increased 11.16 % against 2002 and amounted to 202.425 million tons. Not including condensate, production amounted to 195.892 million tons (up 11.28%). The largest producers were YUKOS with 38.57 million tons (up 19.4 %); LUKoil 37.924 million tons (up 2.49%), Surgutneftegaz 26.133 million tons (up 10.26%), TNK 20.412 million tons (up 13.66%), and Sibneft 14.967 million tons (up 22.57%). Russia produced 311,027 billion cubic metres of gas in the first half of 2003, up 2.82%. Gazprom produced 266.686 billion cubic metres of the total.

Oil refining/feedstocks

YUKOS will start selling new shares to help complete its \$14.2 billion purchase of smaller rival Sibneft on 13 August. The 1 billion shares will be swapped for Sibneft stock and sold to some YUKOS shareholders and six Cyprus-registered companies. The takeover is still awaiting clearance from the Anti-Monopoly Ministry.

The acquisition, which also includes a \$3 billion cash payment, will create the world's sixth-largest publicly traded oil and gas producer, to be called YukosSibneft. YUKOS board on June 30 agreed to issue the shares, which will be offered to "Sibneft core shareholders" in exchange for their equity in Sibneft. This group, led by Roman Abramovich, allegedly Russia's second-richest man (and the new owner of Chelsea Football Club, London), owns 72% of Sibneft.

The Moscow oil refinery (MNPZ) processed 4.639 million tons of oil and gas condensate in the first six months of 2003. MNPZ processed 9.130 million tons of oil for the whole of 2002. The Central Fuel Company (CFC) owns 51% of MNPZ, with Sibneft owning 38.5% and Tatneft 8%.

LUKoil and SIBUR have agreed to build a gas-turbine power plant in the Nizhniy Novgorod region in a move to cut electricity consumption costs. LUKoil and SIBUR are the largest consumers of heat and electricity in the region based around the Kstovo site. The project's internal rate of return is estimated at 20%.

Ufaneftkhim plans to start up its xylene in August after an extended shutdown. In recent months the company has been producing products that are easier to market. A slight hike in Russian MTBE prices has been caused by an increase in demand is forecast for August. SIBUR controls some of the largest MTBE producers including Stirol and Uralorgsintez, at Perm Togliattikauchuk, Tobolsk Petrochemical Combine and the Kaucuk plant at Volzhsky.

SIBUR/Gazprom

Although technically Gazprom controls 50.7% of SIBUR through direct share ownership, the consensus is that this ownership quota has been increased in recent months through indirect means to 75.7%. The essence of the deal lays with purchasing of the assets controlled under the command of the former president of SIBUR, Yakov Goldovsky. The deal resulted in Gazprominvestholding, a 100% subsidiary of Gazprom, gaining control over constituent businesses of SIBUR.

On 17 July Gazprom and the German power company Wintershall announced plans to invest over \$700 million in a joint venture which will be engaged in development of the unused stocks of the largest Siberian gas deposit. The predicted annual production rate is about 8.3 billion cubic metres of gas and 2.8 million tons of gas condensate.

First half performance

For the second quarter of 2003 SIBUR achieved domestic sales from polymers of more than 1.6 billion roubles against the planned target of 1.3 billion roubles. Since April 2003, SIBUR has introduced a new policy whereby all polymer sales are based on 100% advance payments. Inventory management is being improved. SIBUR's production of polypropylene in the first half year was 53,400 tons, polyethylene 93,400 tons, and polystyrene 2,700 tons. Styrene output was 12,500 tons, ABS plastics 5,400 tons, and ammonium nitrate 386,100 tons.

In the second part of 2003 SIBUR plans to increase the production of cord fabrics at Khimvolokhno Kemerovo, to start production at SIBUR-PETF, and to produce cord fabrics for the tyre plant Omskshina. \$10 million will be invested in Omskshina in 2003, mainly for purchasing equipment and introduction of new information technologies.

Also plans of the holding include the development at Tomsk of new grades of polypropylene for the manufacture of pipes for hot water supply, and the organisation of production by Poly Pak of packaging for products diaphene, sulphonamide, and caprolactam.

KuibyshevAzot

KuibyshevAzot recorded 2.9 billion roubles in turnover for the first six months of 2003, which was 41% up on the same period last year. Ammonia production totalled 287,800 tons which was 3.6% up, whilst caprolactam was 54,700 tons, or 10.2% up on last year.

The urea plant at Kuibyshev underwent a scheduled shutdown after which production was increased by 100 tons/day.

Tyre company restructuring

SIBUR has embarked on the reorganisation of its tyre subsidiaries which are grouped together under its holding structure. The aim is that the management of the holding will be able to develop and coordinate a common marketing, purchasing and technological policy for all the companies included.

Regarding production this year Omskshina recorded a 9.5% increase in the first six months against the same period last year. Uralshina increased production by 40%, whilst the Yaroslavl Tyre Plant increased by 8.1%. Only Voltyre of the SIBUR tyre producers saw a slight fall.

Strategic plans

SIBUR has reaffirmed plans in the next few years to focus heavily on the development of ethylene derivative facilities at SIBUR-Neftekhim's Kstovo site. By the end of 2003 SIBUR also hopes to have taken a decision about the construction of a new PET unit at Dzerzhinsk. The plant could be built over a period of two years at the Kaprolactam site. Construction of the PET production would cost about €150 million.

In autumn of 2001 SIBUR, SIBUR-Neftekhim and Tecnimont signed a contract for the construction of a polyethylene plant. Also the licensing agreement for construction of the plant with Basell was signed. The project

would cost about €200 million and the company is considering the possibility of constructing the unit at Kstovo in the 2005-2006 timeframe.

In the period 2003-2004 it is intended to reconstruct the ethylene chlorohydrin unit at the Kaprolactam site at Dzerzhinsk, and also the ethylene glycol unit.

SIBUR-Neftekhim

SIBUR-Neftekhim completed its planned maintenance shutdown over the summer at the Kstovo petrochemical

SIBUR-Neftekhim's Production at Kstovo & Dzerzhinsk (unit-tons)		
<i>Product</i>	<i>Jan-Jun 2003</i>	<i>Jan-Jun 2002</i>
Ethylene	68,901	58,940
Ethylene Oxide	18,571	19,145
MEG	60,172	47,083
DEG	6,441	3,375
TEG	426	341
Propylene	36,734	30,061
Benzene	24,074	12,754
BBF	19,652	14,568
C5	10,866	6,392
C9	5,431	2,618
EDC	37,113	39,736
PVC	15,194	15,600
Trichloroethane	3,381	2,512
Caustic Soda	33,779	44,213
Plasticizers	15,411	12,250

complex, and also at the ethylene oxide and glycol plants at Dzerzhinsk. Maintenance was completed at other smaller units at Dzerzhinsk which are part of the ethylene derivative chain. The shutdowns were started at the beginning of June with the petrochemical complex being restarted up on 28 June.

At the end of June the ethylene oxide and glycol plants restarted production. Shell was involved in the replacement of the catalyst.

In the first half of 2003 SIBUR-Neftekhim processed 232,400 tons of hydrocarbons, with 187,000 tons processed at the Kstovo cracker (representing a 24.2% increase over the same period last year.)

In the first half of 2003 Kaprolactam increased production of cable plasticizers by 25.8% to total 15,411 tons. Kaprolactam at Dzerzhinsk managed to generate 5 million roubles of profit, the first time the company has been in the black for more than a decade.

Tomsk Petrochemical Combine

Tomsk Petrochemical Combine (TNKhK) in the first of 2003 increased its production of polypropylene to 56,477 tons, or 27% higher than the same period last year. Polyethylene production totalled 88,553 tons, which is 24% higher than last year. Urea-formaldehyde production increased by 58% to 51,045 tons, and formaldehyde by 62% up to 68,006 tons. Consumer good production was up 15% over last year.

The highest utilisation rates for the complex were achieved at the LDPE plant with a rate of 108%, with polypropylene at 104%. Urea-formaldehyde utilisation was recorded at 47% and formaldehyde at 35%.

The petrochemical complex at Tomsk undertook a shutdown from the end of June which is expected to be completed by the middle of August. The costs of maintenance are estimated at 35 million roubles.

Metanol

In the first half of 2003 Metanol at Tomsk, managed by Vostokgazprom, produced 370,600 tons of methanol against 232,800 tons in the same period last year. Production this year has been forecast to total around 733,600 tons which would be 30% up on the volume in 2002.

Azot Kemerovo

Kemerovo-based Azot's production grew by 0.4% in the first half of 2003 compared to the same period of 2002. The output of ammonia grew by 5.2%, sulphuric acid 8.2%, ion-exchange resins 41.6%, and dimethyl formamide 33.6%.

The company's utilisation rate has grown from 85% to 88.6% this year, explained to some degree by the large-scale maintenance programme undertaken last year. Traditional summer repairs and overhauls are in the past month have been going to schedule.

Evrokhim

Nevinnomyssk Azot in the Stavropol region, belonging to the Evrokhim group, increased its turnover by 7.2% in the first half of 2003 to 2.31 billion roubles. Urea production rose 18.4% to 163,300 tons, methanol output grew by

31.46% to 59,800 tons, synthetic ammonia by 3.2% to 494,200 tons, commercial ammonia up 51.9% to 148,300 tons, and other organic products (including acetic acid) were up 2.3% to 43,080 tons.

Another Evrokhim subsidiary Novomoskovsk Azot (Tula Region) has paid off 160 million roubles of restructured debt to all budgets. Evrokhim said that the debt had been generated before it had taken over the company. Despite facing weak markets Azot fulfilled its production plan for the first half of 2003 and produced 328,200 tons of mineral fertilisers. Production of nitrogen fertilisers increased by 0.5% compared to the same period of 2002 and totalled 324,400 tons. Production of phosphate fertilisers fell by 36.4% to 3,800 tons in terms of P_2O_5 . Production of urea increased by 3.4% to 334,100 tons.

Recently Evrokhim signed contract for delivery of 26,000 tons of urea produced by Azot for delivery to Columbia for delivery at the end of July. MChK Evrokhim is the largest Russian exporter of urea.

Tatarstan

In the first six months of 2003, Tatneft's oil production increased by 0.16% to 12.229 million tons. Associated gas production surged by 4% against the corresponding period of 2002.

Tatneft-Neftekhim plans in 2004 to put in operation a new imported line for production of radial tyres for passenger cars. The investment in the project totalled \$86 million. By 2005 the company proposes to arrange production of radial tyres for jeeps and light trucks. By 2010 the company plans to launch production of all-metal cord tyres for buses and trucks.

Nizhnekamskneftekhim

Nizhnekamskneftekhim increased pre-tax profit 33% year-on-year to amount to 1.4 billion roubles in the first half of 2003. Total sales revenue amounted to 10.7 billion roubles. In the first half the styrene production increased 4.8% to 129,200 tons.

Tatarstan owns 35.2% of shares in Nizhnekamskneftekhim (NKNK), whilst NKNK and Co owns 16%, TAIF 10%, Tatneftekhiminvest-holding 3%, nominal shareholders 12.6% and private investors 19.7%.

Ethylene production at Nizhnekamsk was stopped in June for a three week maintenance shutdown and was restarted by the middle of the July.

At the same time as the olefin plant maintenance shutdown at Nizhnekamsk was taking place modernisation was being carried out with the reconstruction of three basic columns. These columns were replaced with more modern systems which are capable of sustaining higher capacity utilisation. The modernisation process was managed by Koch-Glitsch. The fractionation unit is also being upgraded that will help the increase in capacity.

Polystyrene

On 9 July Nizhnekamskneftekhim started the production of polystyrene from the new plant. Atofina helped with the start-up and the first part of the plant has a capacity of 50,000 tpa. There are two further trains for shock-resistant polystyrene and suspension grades based on captive polystyrene which will raise capacity to 140,000 tpa. Due to the construction of the polystyrene plant Nizhnekamskneftekhim has needed to create a laboratory for quality surveillance.

Nizhnekamskneftekhim Production (kilo tons)		
<i>Product</i>	<i>Jan-Jun 2003</i>	<i>Jan-Jun 2002</i>
Ethylene	228.6	230.8
Propylene	100.4	100.4
Styrene	129.2	103.1
Synthetic rubber	83.5	108.3

Polypropylene

Nizhnekamskneftekhim announced plans at the July to build a new polypropylene plant costing \$120 million. Construction will take 28-29 months from the date the project is started. Basell technology will be used. This project has been a priority for Nizhnekamskneftekhim in the past year, and could be followed soon by a project

for polyethylene.

The new production unit would amount to 120,000 tpa of polypropylene at the initial stage and in the future it is planned to increase this to 180,000 tpa. Tecnimont has been selected to develop the project and also to supply equipment.

Halobutyl Rubber

About 50% of the overall construction and installation associated with the halobutyl rubber project at Nizhnekamsk have been completed so far. The project is scheduled to be completed in Q3 this year and in Q4 the facility will be commissioned with a view to being started up.

Kazanorgsintez

Tatar-American Investments (TAIF) will take control of 51% of Kazanorgsintez by the end of this year, increasing its stake from its current level of shares of 17.89%. According to official sources 26.64% of Kazanorgsintez was owned by the state as of 1 January 2003. Other owners included 22.54% by individuals, 10% by the International Oil Company Ltd, 10% by Komandnit Tovarish, 4.16% by Tatneftekhiminvestholding, 3.45% by Gold Kolos, and 3.32% by legal representatives. The charter capital for Kazanorgsintez totals 19,047.1 million roubles.

TAIF has promised to invest around \$600 million in the development of Kazanorgsintez over the course of the next eight years. The aim is to increase turnover to around \$500 million by 2005 from a current level of \$230 million. By 2007 it is hoped to attain a total of \$700 million. No specific plans have been revealed over how these targets will be met. The volume of export sales of Kazanorgsintez in 2003 are expected to total around \$55 million against \$42.4 million in 2002.

The company will ship around 100,000 tons of production this year, of which polyethylene will comprise approximately 60% of the total. The share of Kazanorgsintez in the Russian market of polyethylene is estimated in the range of 38%.

Irkutsk

Sayanskkhimplast

In the first half of 2003 Sayanskkhimplast produced 110,000 tons of PVC against 116,200 tons in the same period last year. Lower ethylene supplies from YUKOS at Angarsk in the first quarter were the main reason behind a decline in production.

In June, Sayanskkhimplast produced 19,000 tons of PVC and in July the volume fell to 18,000 tpa. The reduction in volumes is due to the need to reserve sufficient ethylene prior to the maintenance shutdown in August.

Nizhniy Novgorod

Korund

The new owner of Korund at Dzerzhinsk (Matis, part of the Energoprom structure) intends to resume production at five plants (including PVC pipes, foamed polyurethane, cyan salts, sulphur aldehydes and phosphoric salts) and provide the company with independent sources of electric and heat power. The first stage of the programme includes installation of two gas turbines, which will provide an industrial complex with the electric power, and also the steam module. Gas-turbine units would cut the electric power costs by 40%, but their assemblage will begin only the next summer. Phase II of the investment programme will involve the transfer of equipment from two chemical plants located near Moscow.

LUKoil

From July LUKoil-Neftekhim has started to sell all grades of high density polyethylene from the Budyennovsk plant in small quantities from its Moscow warehouse. The emphasis is to develop a distribution programme targeted on stimulating the domestic market. Currently, LUKoil-Neftekhim's share of the Russian HDPE market is around 40%. The Stavrolen plant runs on average at around 90% of its total 300,000 tpa capacity.

LUKoil and Technip, through their respective affiliates LUKoil-Neftegazstroy and Technip Germany, have signed an agreement to create a 50/50 joint venture company for the development of projects related to oil and gas production, gas processing, refining and petrochemicals in Russia, as well as CIS and other countries.

Omsk

Omsk Kaucuk has renegotiated its power costs with the local energy company after debts of 103 million roubles

with the local energy company were resolved. A bilateral contract between Omskenergo and the Omsk Kaucuk has been reached for the consumption of power resources.

Omsk authorities are intending to pay more attention to the solid household waste recycling, especially to recycling the polymer household wastes the majority of which is formed by PET-packaging. An estimated 240 million roubles worth of valuable materials are dumped annually to waste disposal sites. The city authorities thus wants to set up its own local polymer waste recycling facilities. This will help reduce the percentage of polymer products imported to the Omsk regions from other areas.

Product News

PVC

On 7 July, the Russian government decided to cancel a 6.5% export duty for PVC and other related products. Export duties for PVC paste-emulsion resin with a water content 0.2%, emulsifier salts of aliphatic acids, VCM for the production of foamed linoleum, vinyl acetate copolymers, vinylidene chloride and acrylonitrile copolymers, was cancelled. The decree will come into force after a month from the date of its official publication.

Polystyrene

The first shipments polystyrene produced at Nizhnekamsk, general purpose and extrusion grades, have appeared already in warehouses in St Petersburg and Moscow. This new product availability is expected to put some pressure on domestic prices as the Nizhnekamsk plant is by far the largest in Russia. Omsk Polystyrol has already reduced prices at the end of July and other producers Salavatnefteorgsintez, Angarsk Polymer Plant and Plastik in the Tula region are expected to follow suit in the near future. Plastik, which is part of SIBUR, undertook a major overhaul in July.

Russian Polystyrene Production		
(unit—kilo tons)		
<i>Producer</i>	<i>2002</i>	<i>2001</i>
Salavatnefteorgsintez	49	43.1
Polystyrol	28.7	31.5
Plastik	14.1	19
Angarsk Polymer Plant	11.6	11.4
Others	4.8	-
Total	108.8	105.0

The styrene monomer position in Russia has already tightened with the start-up of the Nizhnekamsk polystyrene plant. In addition, Plastik has been short of styrene for two months running due to the absence of feedstock. Salavatnefteorgsintez uses its entire styrene output for in-house consumption and

has no surplus for the merchant market.

Detergents

Henkel-Era saw its first half year production of detergents fall by 14% on year to 14,300 tons. The impact of this fall meant that the Leningrad region's total chemical and petrochemical industry output fell by 8.4%. Lanitex Optima, the BASF distributor, is planning to construct a new plant producing semi-finished materials for detergent production. The plant, to be located in the Leningrad region, will supply semi-finished products to the nearby Henkel Era plant and other foreign companies involved in the Russian detergent market.

The new plant will have production lines supplied by the Italian company Ballestra, with similar production lines already running at the plants in Kazan, Dzerzhinsk, and Engels.

Plastics & resins

Asapharma from the Kemerovo area plans to start the production of polypropylene pipes in response to strong local demand. The new project will also allow the production of reinforced polyethylene pipes. The company is hoping in the main to resolve the problem of corrosion.

The Slantsy Plant (Leningrad region) has invested 50 million roubles into setting up new facilities to convert gas condensate and produce expanded polyethylene. The facilities were started on 22 July.

The Polish Group Atlas started a new plant on 25 July at Dubna (100 km north of Moscow) for the production of universal glue mixture, glue mixture with increased plasticity, equalizing mixture and glue mixture for foamed polystyrene. Total capacity is 1,000 tons/day with investments totalling around \$5 million. Group Atlas sold 32,000 tons of products in Russia last year. As Russia is the main foreign market for Atlas, the company's management decided to build its own plant.

NTL-Upakovka at St Petersburg plans to set up a unit for the production of bags manufactured from

polypropylene film. NTL-Upakovka invested \$600,000 into the project. The company has already put on-stream new equipment manufactured by the Belgium company Hudson Sharp. The monthly production target is over 6 million bags. The company plans to buy another unit in near future and by the end of the year the company hopes to occupy around 50% of the St. Petersburg bread packaging market.

Novatech at Novokuibyshevsk in the Samara region has signed a tripartite contract with the German company Bruckner and the Russian company Alpha-Leasing for the construction of a new plant for producing BOPP film.

This would be the first BOPP plants in Russia. The cost of the project is estimated in €40 million and production will replace imported sources of product. The unit should be capable of producing around a quarter of the Russian market. The equipment for the new enterprise will be bought under conditions of financial leasing, with production planned to start in 2005.

URSA International, a manufacturer of thermal insulating materials, is looking to invest €72-80 million over the next five or six years in the development of production in Russia. The money would go to the creation of three new lines for the manufacture of fibreglass and one for extruded polystyrene. The new lines will be created at the company's plant in the Moscow region, which will open for business in the third quarter of this year. URSA International has put funds equivalent to €61 million in 1995 into the building of two plants in Russia for the production of thermal insulation materials.

Fertilisers

The investment bank Trast has acquired 41.01% of shares in Cherepovets Azot, having paid \$9.33 million through an auction. The initial price of the enterprise was set at \$32 million several years ago and thus there has been a dramatic fall in the price. Trast, the new owner, is part of the Menatep group.

Akron at Novgorod incurred an accident on 4 July with two tanks of ammonia each of 37 tons. Volkhovsky Chemical Plant jointly with Agrovit, St Petersburg has opened a first vitreous fertiliser plant in the North-West region. The estimated cost of the project was \$1 million. The plant design capacity is 12,000 tpa.

Ammonia

Togliattiazot (TOAZ) has arranged to take credits of \$30 million from the IFC. The corporation also will give TOAZ a syndicated loan at a rate of \$22.5 million. TOAZ plans to use this finance for completing the construction of the ammonia port terminal in the Temrjuksk area (Tamansky peninsula), in the Krasnodar region. The total cost of the project is \$210 million. Successful introduction of the project will allow TOAZ to compete to the Ukrainian sector working now ammonia pipeline.

Fibres

Amtel has published a tender for the delivery of base raw materials for the manufacture of tyres for the fourth quarter of 2003. The products include synthetic rubbers, natural rubbers, caprolactam, cord fabrics, chemical oxidants, and carbon black. Tenders close on 15 August.

The Amtel holding company controls over 35% of the tyre production in CIS countries. The group includes eight enterprises that manufacture tyres and related feedstocks. These include the Kirov tyre plant, Amtel-Siberia, the Voronezh tyre plant, the Krasnoyarsk technical rubber plant, Amtel-Amtel Kuzbass, the Volgograd technical carbon plant, and the two Ukrainian enterprises including Amtel of Chernigov and the joint venture Rosava.

Khimvolokhno Amtel-Kuzbass at Kemerovo has increased the production of fibres in the first quarter of 2003 by 45.7% against the same period of 2002. The production of technical fabrics grew by more than 500%, whilst the production of industrial threads featured the highest quarterly growth of 75.7%, with a maximum monthly output of 500 tons.

Krasnoyarsk Volokhno, which produces viscose fibres, plans to export production to the UK and Latin America. Unicorn, a parent company of Krasnoyarsk Volokhno, has stated that in the near future the plant is to renew manufacture of kapron fibres. Unicorn has had successful negotiations with its Italian partners to deliver a synthetic yarn plant to Krasnoyarsk Volokhno. Krasnoyarsk Volokhno will use the machinery to improve the quality and increase production.

Shipping

After completing its takeover of St Petersburg-based North-western Shipping, Volga Shipping has launched plans to expand rapidly into chemical shipping to Rotterdam, and also containers to and from Iran. Volga Shipping is

based at the river port of Nizhniy Novgorod and has just made its first trial shipment of Russian MEG from Dzerzhinsk using a river-sea class vessel.

This will be the company's first experience of international transportation of chemicals using water transport. During the summer, Volga Shipping plans to truck tank-containers of MEG from Dzerzhinsk to Nizhniy Novgorod, where the cargoes will be loaded on board Volga's ships. They will then sail directly to Rotterdam, without having to reload at St Petersburg for the crossing. During the winter, when the internal waterways are frozen and closed, the tanks will be transported by rail to one of the Baltic ports, and from there by Volga's fleet to Rotterdam.

This transportation scheme is a breakthrough for Volga Shipping. Until now, Russia's MEG producers such as SIBUR have had to pay higher cargo tariffs and use Finnish ports instead of Russian ports. There are no such terminals for chemicals in Russian ports and this is why MEG is currently transported by railway to the Finnish port of Kotka, where there is a terminal for chemicals, and then onto Rotterdam. Volga Shipping's fleet already includes several STK-type vessels designed for transportation of tank-containers.

Ukraine

(Ukr hryvnia Jul 28, \$1= 5.33, €1= 6.1135)

Ukraine and Poland have signed a memorandum for the creation of a joint Ukrainian-Polish enterprise for the Brody-Plock oil pipeline. At the end of May Ukraine, Poland and the EU signed a declaration which supported the project of transit of the Caspian petroleum from Odessa via Brody and extended up to Plock, whence petroleum on already existing oil pipeline will go to Gdansk.

RivneAzot

In the near term the State Property Fund has said it will try for the third time to sell 53.86% of Rivneazot. The starting price for the stake will be 40 million hryvnia. Questions have been raised whether it would be possible to sell some of the units, such as adipic acid, as separate entities but the government is expected to reject such a proposal.

Ammonia

Amongst the Ukrainian ammonia producers Stirol at Gorlovka increased ammonia production by 11% in the first half of 2003, up to 613,990 tons. In total, Ukrainian ammonia production increased 9% in the first half of 2003, reaching 2,467,670 tons. DneproAzot saw a 9% increase whilst Azot at Severodonetsk saw a 27% increase, up to 473,020 tons.

Stirol

Stirol posted net profit of 91.08 million hryvnia in the first half of 2003, 2,100% up year-on-year. The company attributes profit growth to favourable market conditions with sales increasing 130% to 682.25 million hryvnia. Stirol upped production of ammonia by 11% to 613,993 tons, with urea increasing 37% to 475,372 tons, and polystyrene increasing by 450% to 10,442 tons.

LUKoil

LUKoil has decided to unite its oil assets in Ukraine under one umbrella entitled the Ukrainian project. The units will include the Odessa refinery, the trading company LUKoil-Ukraine, the oil supplier Litasko-Ukraine. However, Lukor at Kalush will not be included in the new group and will remain part of LUKoil-Neftekhim

Belarus

Belarus has said that it is prepared to offer stakes in the Mozyr and Novopolotsk oil refineries in exchange for 50% or even 100% stakes in Russian oil deposits. Surgutneftegaz said that the money that Belarus was seeking for its chemical plants was vastly too high and that it would be possible to construct a new plant, or even two factories outright for such funds.

An investment project for a polyester textile thread project at Khimvolokhno Svetlogorsk has been started. The modernisation programme will cost \$7.5 million, the finance provided by the Kuwait Fund of Arabic Economic Development. The project will facilitate the production of multi-filament polyester threads.

In the first half of 2003 Khimvolokhno at Mogilev increased commodity output by 12% more than the same period last year. The production of consumer goods at the company grew by 15%. The main challenge for this year has been raw material costs, particularly for MEG.

The Mogilev plant Zarya will in the third quarter this year start the production of a new type of enamel. This will be used in coatings for radiators and for the protection of metal and wood. The raw material for this production is supplied from both domestic and external sources. Zarya is a joint Czech-Belarusian venture formed in 1946 and specialises on the production of paint and varnish materials.

Transcaucasus

In Georgia, regular cuts in power supplies for Azot Rustavi in the past year resulted in losses of \$1 million by the managing company Itera in the first half of 2003. Prior to the end of July, Itera was planning to invest \$5 million into the caprolactam production at Azot. Demand exists both in the markets of CIS and non-CIS countries.

Central Asia

A proposal was submitted by Itochu in July for the expansion of the polypropylene plant at the Turkmenbashi oil refinery from 90,000 tpa to 300,000 tpa. Polypropylene was started in Turkmenistan in 2001 when Japanese companies, including Marubeni and JGC, put the plant into operation. Local supplies of liquefied gas were the reasons behind the project being developed at Turkmenbashi. The aim of the new plans is to construct a new cat-cracking unit in order to increase polypropylene capacity.

In 2002, the Turkmenbashi plant produced 53,000 tons of polypropylene whilst in 2003 the aim is to produce 75,000 tons.

Kazakhstan

(Kazakh Tenge, Jul 28, \$1 = 146.73, €1 = 168.31)

Kazakh Chemical Output (unit kilo tons)			
Product	Q1 03	2002	2001
Sulphuric acid	166.3	709.8	694.7
Phosphoric acid	6.3	43	42.3
Chromic anhydride	4.7	14.5	16.1
Chrome tanning agent	6.2	20	17.0
Sodium bichromate	17.1	54.2	57.7
Mineral fertiliser	4,022	77.9	20.5
Polystyrene	1.7	8.6	.9

The Kazakh chemical industry increased production turnover by 9.6% in the first quarter of this year to 7.3 billion Tenge. Rubber and plastics output increased 38.2% to 2 billion Tenge. Kazakhstan's production of chemical products, and the rubber and plastics sector, has been increasing steadily in the past few years. Production turnover increased 15.1% last year to 39.6 billion Tenge. Kazakhstan has the potential for a diverse range of chemical products based on its raw material reserves of phosphate, chromite, borate, and hydrocarbons.

Yet the chemical industry, including production of rubber and plastic products, still only accounts for something like 1.5-1.7% of total industrial output.

In fact, the chemical industry accounted for 1.4% of total industrial production last year with rubber and plastic accounting for 0.4%. Chemical plants in the Zhambyl region, one of the main regions for fertiliser production in Kazakhstan, increased output by 6.5% in the first-half of the year.

The potential for the chemical industry in Kazakhstan has thus far shown no sign of conversion into real projects. The Karachaganak field has the raw material base to create a large-scale petrochemical complex, and the prospects have been greatly enhanced by LUKoil opening a nearby new processing plant at the end of July. In the meantime the Karachaganak field acts via the Orenburg processing plant in the south Urals as a source of ethane for Russian petrochemical plants. Despite government programmes aimed at stimulating the domestic petrochemical industry nothing has been seen.

Much is hoped therefore that the construction of the new Karachaganak refinery complex will eventually lead to domestic petrochemical plants being constructed. A number of large petrochemical plants that were built when the USSR was intact have become almost redundant, or have been idled completely. The Aktau Plastics Plant only runs one unit for polystyrene production and cannot reach the planned production capacity. Even so, the

company's enterprise can be fully or mostly revived, because its manufacturing capabilities and communications can easily be repaired.

Chemical, rubber and plastic products accounted for just 0.7% of Kazakh exports last year. Kazakhstan exported carbides, phosphate fertilisers, phosphorus, phosphoric acid and polyphosphoric acid, hydrofluoric acid and sodium triphosphate. Kazakhstan exported 24,700 tons of carbides worth \$4.4 million, with more than 60% exported to Russia and more than one fifth to Uzbekistan.

Phosphate fertiliser exports totalled 39,300 tons worth \$2.5 million, with 85% exported to Tajikistan. Polystyrene exports totalled 8,200 tons worth \$2.2 million, with 67% sold to Russia and more than a quarter to Turkey. All explosives exported (14,700 tons valued at \$5.3 million) went to Uzbekistan. Kazakhstan also exported more than two thirds of its sodium tripolyphosphate to Russia (31,500 tons).

Chemical, rubber and plastic imports comprised 5.2% of total imports last year. Kazakhstan imported 190,300 tons of nitrogen fertilisers worth \$12.8 million, Russia supplied 97% of the total. Paint material imports totalled 37,300 tons worth \$36.4 million, with Russia providing 60% or 21,600 tons. Russia also provided most of the tyres, caustic soda and soda ash imported by Kazakhstan (88% of tyres and almost all caustic soda and soda ash).

The Aktau Sea Trade Port transferred 3.8 million tons of shipments for the first half of the year, which is 14% higher than in 2002. In general, these transshipments consist mostly of oil and petrochemicals. From January through June the total reached 3.2 million tons and increased against the corresponding period last year by 24%. At present around 50% of the oil and petrochemicals are delivered from the Aktau port to Baku, nearly 45% to Makhachkala, Dagestan and 5% to the Iranian port Nekka.

Contents Issue No 152

CZECH REPUBLIC	2
Unipetrol 2003	2
Unipetrol's privatisation.....	2
Ceska rafinérská.....	2
Spolana.....	2
AliaChem.....	3
SLOVAKIA.....	3
Slovnaft	3
EASTERN GERMANY.....	3
HUNGARY	3
BorsodChem	3
MOL	4
POLAND	4
Polish restructuring.....	4
ZAK.....	4
Grupa Lotos.....	4
CROATIA	4
BULGARIA.....	5
Sviloza	5
Orgachim.....	5
ROMANIA	5
RUSSIA.....	6
OIL REFINING/FEEDSTOCKS.....	6
SIBUR/GAZPROM	7
First half performance.....	7
KuibyshevAzot.....	7
Tyre company restructuring	7
Strategic plans.....	7
SIBUR-Neftekhim	8
Tomsk Petrochemical Combine	8
Metanol	8
Azot Kemerovo.....	8
EVROKHIM	8
TATARSTAN.....	9
Nizhnekamskneftekhim.....	9
Polystyrene	9
Polypropylene.....	9
Halobutyl Rubber.....	10
Kazanorgsintez.....	10
LUKOIL	10
NIZHNIY NOVGOROD	10
Korund	10
OMSK.....	10
IRKUTSK	10
Sayanskkhimplast.....	10
PRODUCT NEWS.....	11
PVC	11
Polystyrene	11
Detergents.....	11

Plastics & resins	11
Fertilisers.....	12
Ammonia	12
Fibres	12
Shipping	12
UKRAINE	13
RivneAzot.....	13
Ammonia	13
Stirol.....	13
LUKoil	13
BELARUS	13
TRANSCAUCASUS	14
CENTRAL ASIA	14
KAZAKHSTAN.....	14