Egyptian Ethylene and Derivatives Company (ETHYDCO)

Basic Information

Project name: Ethylene & Polyethylene Plant
Borrower: Egyptian Ethylene and Derivatives Company (ETHYDCO)

Project Sponsor: The founders of the company are the Egyptian Petrochemicals Holding Company (“ECHEM”), the Egyptian Natural Gas Company (“GASCO”) and Sidi Kerir Petrochemicals Company (“SIDPEC”), which have a significant experience in the value chain of the petrochemical industry. In addition, a number of financial investors including Al Alhy Capital Company, Banque Misr, National Investment Bank and Nasser Social Bank.

Sector: Oil & Gas (Petrochemical)
Country: Egypt
Final Product: Polyethylene with various densities
AlexBank – Intesa Sanpaolo’s role: participant
Equator Principles category: B

Project overview

- The Egyptian Ethylene & Derivatives Company ("ETHYDCO") is an Egyptian Stock company established on January 2011 under Egyptian investment law No. 8 for 1997, to undertake the construction, ownership and operation of an industrial complex, including all necessary utilities and off site facilities, located at El Amerya district of Alexandria, Egypt.
- ETHYDCO is a manufacturer and leading provider of value creating Plastics & Rubber products (Linear Low & High Density Polyethylene & Butadiene).
- ETHYDCO complex comprises the following:
  1. A 460,000 tons per year ethylene plant to be built using ABB Lummus’ Olefins Conversion technology. This will also include the production of 20,000 tons per year of butadiene.
  2. A 400,000 tons per year polyethylene plant to be built using Univation’s UNIPOL Polyethylene technology, producing a range of High Density Polyethylene (HDPE) and Linear Low Density Polyethylene (LLDPE).
  3. Supporting Utilities and Offsite Facilities (U&O).
- The Project total investment cost amounts to USD 1.925 billion, with debt to equity mix of 65%:35%.

Summary of Key Environmental Impacts and Risks

The Facility Agent has provided Alex Bank with an independent environmental report dated February 2012 conducted by EcoConServ, whereby the report conclusion is that the project is in compliance with the Equator Principles.
Moreover, the report concluded that the project designs were studied extensively, as well as the estimates of quantities of generated waste, emissions and potential risks expected during project construction and operation phases.
Environmental impacts were classified into four main categories based upon significance, potential occurrence and impacts on environmental aspects: strong impacts, moderate impacts, limited impacts and non-significant impacts. It must be noted that no impacts were classified as strong, and the non-significant and indirect impacts were not considered during the assessment.
With regards to expected impacts during construction phase, six main impacts were identified: three moderate impacts can be reduced to limited impacts based upon the proposed mitigation measures in the environmental management and monitoring plan, and three limited impacts which can be reduced significantly after application of the proposed measures.

Positive Impact

The most positive socio-economic effects of the project are as follows:

- The project contributes to creating new job opportunities for residents of the area surrounding the project (the village of Karnak and Nag Almatarawy), whether during construction or operational phase.
- Creation of job opportunities outside the region surrounding the project in the absence of the required disciplines in the population of the area surrounding the project. These opportunities typically include skilled labor and technical disciplines.
- It is expected that the operation of the project will result in significant improvement of the area and local infrastructure, including: paving the road to the land of the project and providing an internal lighting system for the region leading to the land of the project.

Moreover, since the majority of the project final products are directed towards export markets (around 70% of the total production and 35% towards meeting the local demand), this will enhance Egypt’s foreign currency position in order to be able to improve its performance in infrastructure, healthcare and education services.