
Aramco and Sinopec in revived talks on Qingdao plant

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Reuters citing Mr Khalid Al-Falih CEO of Saudi Aramco as saying that, Saudi Aramco is in revived discussions with Sinopec to invest in the Chinese refiner 200,000 barrel per day Qingdao refinery in east China.

Sinopec said last week that it was hopeful the two sides would reach a deal in what would be Aramco second refinery investment in China after a USD 5 billion refinery and petrochemical venture in southeast Fujian province that started up earlier this year.

The talks, which began well before the start up of the Qingdao plant in May 2008, failed to progress partly because of Saudi Aramco concerns over China's fuel price controls. But analysts said China new fuel pricing system in place since January which more or less warrants a fixed refining margin provides Aramco with a new lure for investment.

Mr Al-Falih also said it had yet to pin down the timing for supplying 1 million barrel per day of crude to China which Sinopec has said would begin next year. He said that "We have not pinned down the timing, but we are always ready to meet China's demand."

He said when asked if 1 million barrels per day was a realistic target that "It depends on how demand in China materializes. Once it materializes we are ready to supply."

The 1 million barrel per day figure would be nearly 30% more than the actual exports from the Kingdom seen in the first nine months of this year as recorded by Chinese customs.

(Sourced from Reuters)

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