ADI Analytics
OIL & GAS • ENERGY • CHEMICALS

CHEMICAL MARKET RESOURCES
An ADI Business

ADI's news on global chemical industry including key projects, deals, and policies

FEATURED INSIGHT

Supply disruptions are transforming the LAO market

Middle East supply disruptions and continued LAO capacity additions have exposed a growing disconnect between global nameplate capacity and actual supply availability. Producers, polyethylene value chain participants, and specialty chemical companies are increasingly focused on feedstock security, product-slate optimization, and selective investment in high-demand alpha olefin fractions. See what is influencing long-term competitiveness in linear alpha olefins >>

GAS TO GRID INFRASTRUCTURE SUMMIT

AI demand reshaping chemical feedstocks

For chemical producers in the U.S., the rapid growth of AI data centers could translate into higher natural gas and power prices, tighter pipeline capacity, and increased competition for new supply. These developments may affect feedstock costs, energy procurement strategies, project economics, and long-term competitiveness. The Gas to Grid Conference explores how rising power demand is reshaping natural gas markets and what it could mean for energy-intensive industries, including chemicals.

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Plant announcements

- **Linde** announced plans to invest $1 billion to construct two new SPECTRA air separation units (ASUs) and associated infrastructure at its existing site in Arizona, U.S. The units will supply high purity nitrogen, oxygen, and argon to support the customers' advanced semiconductor fabrication facilities under a new long-term supply agreement. Separately, its Taiwan joint venture, **Linde LienHwa**, announced plans to invest ~$800 million to expand industrial gas production capacity to supply semiconductor manufacturing and advanced packaging facilities in Taiwan.

- **Air Liquide** announced an investment of $150 million to build a new industrial gas production facility in Idaho, U.S., supporting the expansion of a major semiconductor memory chip manufacturer. The facility is expected to begin operations in 2028 and will supply ultra-high purity nitrogen, oxygen, and argon to support advanced memory chip production and growing demand for AI applications.

  💡***Rising semiconductor production capacity is driving demand for high purity industrial gases, and industrial gas producers are expanding their production capacity to support the market's growing manufacturing needs.***

- **PetroChina**'s subsidiary, **Hohhot Petrochemical**, announced plans to develop a 1 million tonnes per annum (tpa) ethane-to-ethylene complex in Inner Mongolia, China, with construction scheduled from June 2027 to June 2029. The RMB19.9 billion (~$2.9 billion) project will include an ethane cracker and downstream polyolefin units, leveraging locally sourced ethane from the Sulige gas field to strengthen regional ethylene and polyolefin supply.

- **Epigral** approved an investment of ₹600 crore (~$65 million) to establish a new 125,000 tpa epoxy resin and formulations facility at its manufacturing complex in Gujarat, India. The facility is expected to be operational in the second half of 2028, expanding Epigral's specialty chemicals production capacity to support growing domestic and export demand.

- **Sasol** and **Envision Energy** collaborated to conduct a design study for a potential green hydrogen facility at Sasol's Sasolburg operations in South Africa. The study will assess the integration of renewable power, energy storage, and electrolyzer technologies to support lower carbon fuel and chemical production, with completion of the design study expected later this year.

RECENT ADI PROJECTS IN CHEMICALS

- Identified SMR opportunities in chemicals for a **U.S. national laboratory**
- Modeled global polyisobutylene supply for a **commodity plastics producer**
- Assessed acquisition opportunities for a **global specialty chemicals company**
- Valued integrated energy assets for a **global investment and holding company**
- Assessed opportunities in specialty polyethylene for a **European polyolefins producer**

Explore ADI's capabilities in chemicals >>

Mergers and acquisitions

- **ENEOS** announced plans to acquire U.S.-based butadiene (BD) producer **TPC Group** in a $1.28 billion merger transaction which is expected to close in October 2026, subject to regulatory approvals. The acquisition will make ENEOS the world's third-largest butadiene producer, strengthening its integrated C4 chemicals and elastomers portfolio while expanding its presence in the North American market.

- **ContextLogic Holdings** announced an agreement to acquire **Gaylord Chemical (gChem)** from investment funds managed by **EagleTree Capital** and its co-investors for $850 million. The acquisition will add gChem, a vertically integrated specialty chemicals producer of dimethyl sulfoxide (DMSO), as ContextLogic's second operating business when the transaction closes by the end of 2026, subject to regulatory approvals and customary closing conditions.

- **Lummus Technology** acquired **Shell Catalysts & Technologies**' Environmental Catalysts and Systems (ECS) business, expanding its environmental solutions portfolio with emissions control and industrial air pollution reduction technologies. The acquisition is expected to add ECS's established customer base to Lummus Technology's portfolio and strengthen its capabilities in providing integrated emissions reduction solutions across the refining, petrochemical, and industrial sectors.

Plant closures

- **Koppers** announced plans to accelerate the closure of its Carbon Materials and Chemicals (CMC) manufacturing facility in Illinois, U.S., from December 31, 2026, to September 30, 2026, citing higher operating costs due to aging infrastructure, declining raw material availability from North American steel producers, and overcapacity. Production from the Illinois facility will be transferred to its coal tar distillation facility in Nyborg, Denmark, while Koppers has also expanded shipping and terminal capabilities to maintain supplies of pitch and creosote products to North American customers during the transition.

- **BASF India** announced plans to shut its sulfation and low-temperature reactor plants pertaining to its Care Chemicals business at Dahej, India by the end of 2026, subject to regulatory approvals. The decision reflects BASF's ongoing efforts to rationalize production capacity amid overcapacity, high costs, and margin pressure in the chemical sector.

Technology development

- **LyondellBasell** collaborated with **Amcor**, **Taghleef Industries**, and **Mondelez International** to develop a flexible packaging solution containing 75% recycled content, converting post-consumer mixed plastic waste into food-grade packaging. Under the collaboration, LyondellBasell will produce the recycled polymer through advanced chemical recycling using an ISCC PLUS certified mass balance approach, while Taghleef Industries and Amcor will support film production and packaging conversion for use in Mondelez International's Marabou chocolate bar packaging.

- **Viva Energy** completed a proof of concept for processing soft plastic pyrolysis oil into recycled polypropylene for food grade packaging using the mass balance approach. The trial processed more than 9.5 tonnes of pyrolysis oil at its Geelong Refinery in Victoria, Australia, and produced 5 tonnes of recycled polypropylene, which was used to manufacture seven million wrappers for **Nestlé**'s KitKat.

  💡 ***Major consumer product brands are partnering with polymer and packaging producers and technology developers to develop food-grade packaging from hard-to-recycle plastic waste, and such collaborations that support recycled plastic demand will be critical for chemical recycling to advance.***

Regulatory and macro updates

- **California lawmakers** rejected legislative language calling for the phaseout of pesticides containing per- and polyfluoroalkyl substances (PFAS) under Assembly Bill 1603 (AB 1603), while continuing to consider measures to increase oversight of PFAS in pesticides. Opponents of the bill, including agricultural industry groups, maintain that PFAS in pesticides should be regulated based on chemical-specific risk rather than as a chemical class under the **U.S. Environmental Protection Agency**'s existing framework which could potentially restrict pesticides that have acceptable risk profiles and important agricultural uses. However, supporters, including the Environmental Working Group (EWG), see the bill as a legislative foundation toward the ban of PFAS in pesticides.

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Market trends for specialty chemicals >>


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BEYOND THE INBOX

Fuel for thought

We discussed CBAM impacts on chemicals, blue ammonia capacity, chemical prices on LinkedIn.

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ABOUT ADI

ADI Analytics is a Houston-based consulting firm specializing in **oil & gas, energy, and chemicals**. Since **2009**, we've delivered over **1,000 bespoke engagements** for more than **450 clients**, including operators, investors, and start-ups.

With the acquisition of Chemical Market Resources (CMR), **ADI's chemicals practice** is now backed by a rich, 30-year legacy. Our deep expertise in commodity and specialty chemicals, petrochemicals, polymers, plastics, and engineered materials has shaped our rich experience in serving clients through **600+ projects** and a library of **55+ industry-leading multi-client studies.**

We also offer **ADI Plus**, our proprietary research and data portal, and host the **ADI Forum**, an executive conference featuring thought leadership in chemicals and materials, alongside oil & gas and energy.

www.adi-analytics.com

*440 Cobia Dr, Ste 1704, Houston, TX 77494 * +1 281-506-8234*