



# Middle East Chemicals & Plastics Exports

## Market Intelligence Briefing

---

**Polyolefins demonstrate relative resilience, accounting for 58% of regional exports.**

**Oman gains competitive advantage as Saudi logistics routes face compounding disruption.**

**Global trade flows are shifting - China, North America and South Korea fill supply gaps.**

**The outlook remains uncertain as Q3 logistics conditions deteriorate further.**



# A Sharp and Severe Decline in Chemical Exports

Q2 2026 saw an historic contraction in Middle East chemical shipments, a multi-product, multi-route crisis with no single cause.

1

## SCALE OF DECLINE

Q2 2026 exports fell 62% QoQ and 76% YoY, a simultaneous collapse across volumes and routes.

2

## HARDEST-HIT PRODUCTS

Methanol, urea, ethylene glycol (EG), ammonia and styrene were the most severely affected product lines.

3

## POLYOLEFINS IMPACTED TOO

PE exports declined 63% YoY and PP exports declined 27% YoY, though both showed relative resilience versus bulk liquids.

□ The breadth of product impact - from bulk gases to plastics - signals a systemic logistics failure, not a demand-side correction.



## 02 | POLYOLEFINS

# Polyolefins Demonstrate Relative Resilience

While all Middle East chemical exports fell sharply, PE and PP held up comparatively well, their physical form and flexibility of routing offering a structural advantage over bulk liquids.

### SHARE SURGE

PE and PP accounted for 58% of Middle East chemical exports in Q2 2026, up from 30% in Q2 2025, reflecting the collapse of other product streams.

### VOLUME FORECAST

ICIS forecasts combined PE and PP exports will decline 26% in 2026, from 22.7 million tonnes in 2025 to 16.7 million tonnes.

### LOGISTICS ADVANTAGE

Polyolefin pellets are easier to transport through alternative land and sea routes than bulk liquid chemicals, supporting continuity of trade.

❏ Despite the disruption, the Middle East is expected to remain the world's leading polyolefin exporting region.



# Oman Gains a Competitive Advantage as Saudi Routes Struggle

Within the Middle East, geography is now determining winners. Oman's position gives it a logistics edge that Saudi producers cannot easily replicate under current disruption conditions.

## Q3

### 2026

Disruption around the Strait of Hormuz, Bab el-Mandeb and Jeddah port further complicated Saudi exports, particularly in Q3.

#### OMAN'S EDGE

OQ (PE/PP) and Octal (PET) benefit from relatively better access to Asian markets, bypassing key congested chokepoints.

#### SAUDI PIVOT

Saudi suppliers are increasingly targeting domestic, eastern Mediterranean, Egyptian and North African markets to compensate for lost Asian access.

#### ROUTE COMPLEXITY

Compounding disruptions at multiple chokepoints are making Saudi export logistics significantly more costly and unreliable.

□ Intra-regional geography is emerging as a new competitive variable, not just feedstock cost or plant scale.



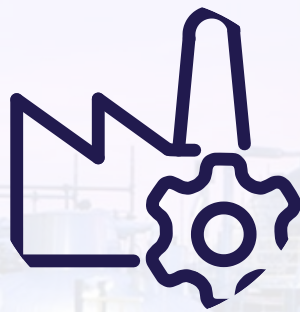
## Global Trade Flows Are Shifting, New Suppliers Filling Gap

Importing countries are not waiting for Middle East disruption to resolve. Procurement teams are actively diversifying, and new supply corridors are hardening into habit.



### INDIA

Buyers are increasingly sourcing PP from China and PE from North America as Middle Eastern shipments face delays and higher freight costs.



### STYRENE REALIGNMENT

China's share of Indian styrene imports increased to approximately 42% in H1 2026, while Saudi Arabia and Kuwait's combined share dropped from roughly 67% to 26%.



### SOUTH KOREA

South Korea is emerging as an important alternative styrene supplier, capitalising on the gap left by Middle Eastern producers.

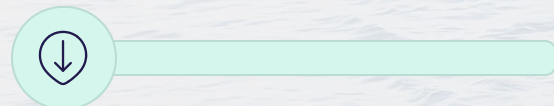
❏ Will these temporary re-sourcing decisions become permanent trade corridors, even after Middle East disruption eases?



## 05 | EXPORT DESTINATIONS

# Major Export Markets Severely Affected Across All Key Destinations

No major receiving region escaped the contraction. The scale of decline across Northeast Asia, Asia Pacific and Europe signals a structural dislocation, not a temporary blip.



**South Korea: -72% YoY**

The steepest decline among top destination markets in H1 2026 vs. H1 2025.



**China: -67% YoY**

A major reduction in Chinese receipts of Middle East chemical exports.



**India: -61% YoY**

India faced severe supply disruption, accelerating its move toward alternative origins.



**European Union: -48% YoY**

European buyers faced significant supply shortfalls across the top 20 Middle East exported products.



## Outlook Remains Uncertain, Disruption Accelerates a Structural Reset

Shipping risks are intensifying, Q3 conditions deteriorated further versus Q2, and importing countries are moving rapidly to diversify suppliers, some of those shifts may prove permanent.

### NOW

Increased shipping risks and the intensifying Saudi-Houthi conflict continue to restrict export routes. Q3 logistics conditions deteriorated further compared with Q2.



### STRUCTURAL SHIFT

Chinese PP and styrene producers, North American PE exporters, South Korean styrene suppliers and Oman-based polymer producers are the primary beneficiaries of the dislocation.

### NEAR TERM

Freight costs, shipment delays and supply-chain uncertainty are encouraging importing countries to diversify suppliers, reshaping long-established procurement patterns.

For India specifically: increasing dependence on alternative suppliers risks higher landed costs and longer procurement lead times as a new structural baseline.