

Fire at Amur Gas Chemical Complex leaves 15 casualties ahead of Russian-Chinese project launch

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On 25 August, a fire broke out at the Amur Gas Chemical Complex, which is still under construction. The complex is located near the town of Svobodny, outside Blagoveshchensk in Russia's Far East, around 150 km from the Chinese border. It took almost 24 hours to bring the fire under control. Fifteen people were killed, including one Russian and 14 Chinese nationals, while 150 more were injured. The extent of the damage and the cause of the incident remain unknown.

The complex, worth almost \$12 billion, is a joint venture between Russia's privately owned petrochemical company Sibur (60%) and China's state-owned energy and chemical company Sinopec (40%). Sibur is controlled by Leonid Mikhelson and Gennady Timchenko, both of whom have close ties to Vladimir Putin. Chinese entities also hold minority stakes in Sibur: Sinopec and the Silk Road Fund each own 8.5%. The complex is designed to produce 2.3 million tonnes of polyethylene and 400,000 tonnes of polypropylene annually, placing it among the world's leading producers. Around 90% of its output is intended for export, primarily to China and Southeast Asian markets. The Amur complex will receive the feedstock required for polymer production, including ethane and LPG, from Gazprom's nearby Amur Gas Processing Plant. The plant processes gas produced in Russia and supplied to China through the Power of Siberia 1 pipeline (38.8 bcm in 2025). Although Sinopec has held a minority stake in Sibur since 2015, it only became involved in joint polymer production in Russia for the first time in 2020. Previously, the Chinese company had focused on importing Russian feedstock for use at its plants in China.

The incident at Sinopec's largest project in Russia is another setback for the venture. In 2022, the project strategy had to be revised after sanctions cut Russia off from Western technology and sources of financing. The latest incident was also most likely caused by breaches of technical regulations and inadequate maintenance resulting from Western restrictions.

Commentary

- **The fire will further delay the commissioning of the Amur Gas Chemical Complex.** The investors have said that the incident affected only auxiliary facilities, but have not disclosed how long the necessary repairs will take. According to Sibur, construction of the complex was completed in May this year. Testing was under way, storage facilities were being filled with feedstock and installations were being prepared for operation.

Polyethylene production was scheduled to begin in September this year, followed by polypropylene production next year. The complex was expected to reach its design capacity in 2028. Construction began in 2020 and the complex was originally due to become operational in 2024. However, the outbreak of the full-scale war and the sanctions imposed on Russia created serious obstacles to the project's implementation. The Chinese partner's participation was even called into question over concerns about US secondary sanctions.

- **Ukrainian security services were most likely not involved in the incident at the Russian-Chinese complex.** Other Sibur facilities have previously been targeted by drones, including a plant in Tobolsk, around 3,000 km from the front line. However, the Amur complex is twice as far from the frontline. Moreover, shortly before the incident, the complex was fined for breaching fire safety regulations. Russia's technical supervisory authority, Rostekhnadzor, identified the violations in the spring and ordered them to be rectified by the end of May. Similar incidents have occurred at other Sibur facilities. In March, for example, a fire at the Nizhnekamskneftekhim plant in Nizhnekamsk killed 12 people. Such incidents are most likely linked to the war and the resulting Western sanctions on Russia. Restrictions on access to financing and Western technologies originally used at Russian plants have resulted in inadequate maintenance and oversight of installations, contributing to excessive wear and tear.