

“Russia is definitely attractive to foreign investment and by opening the country further to world trade, it will become even more attractive”



Werner Breuers, President, Basell Polyolefins Europe, explains why as the world's largest producer of polypropylene and advanced polyolefin products, the company will grow from its position at the high end of the Russian market

What strengths does Basell bring to the Russian polyolefin marketplace?

In addition to being the world's largest producer of polypropylene and advanced polyolefins and the number one producer of polyethylene in Europe, Basell is an industry leader in innovation and the development of new products and new processes.

We invest significantly in R&D and have a dedicated catalysts and licensing business that creates continuous innovation through new catalysts and processes; this part of our business also serves as a platform from which new materials can be developed for promising markets such as Russia.

Basell's newest polypropylene process technology – Spherizone – is building on the success of our Spheripol process, the most widely used polypropylene technology. Nearly 40% of the world's PP plants are based on Basell technology. In addition, Basell has achieved a tremendous licensing success with its Hostalen HDPE technology during the last couple of years, which enables its joint venture partners as well as Basell to be the leaders in bimodal HDPE products such

as pipe, film and large blow molding applications for the transport of dangerous goods.

Basell's forward-looking strategies include the expansion of the company's international presence beyond Western Europe and North America. The Western European polyolefin market has reached a stage of maturity and growth rates are closely linked to GDP. In Central and Eastern Europe, however, we anticipate seeing higher growth and an industry turning from basic applications into high end products.

What is Basell's current approach for marketing polyolefins in Russia?

Basell aims to be the preferred supplier for customers in Russia who dedicate themselves to applications requiring high quality products or components. Our technology is the right one for targeting these markets, and in this sense we do not compete against standard products from local production sites as we widen and enrich the offer of polyolefins in the market. Basell is particularly active in selling resins for use in applications such as film packaging,

pipe extrusion, caps and closures for the bottling industry, blow molding for jars and drums, cable jacketing and in many components used in the manufacture of automobiles. Examples of automobile industry applications include dashboards, bumpers and battery cases to name only the main ones. Basell also offers property modification agents that when added to standard polyolefins allow for an improvement of specific properties such as clarity, softness, rigidity, etc.

Today, Russian consumers are more and more attentive to quality issues and they do not hesitate to pay more for a better product. Thus, the market for high quality applications is expected to develop very rapidly and we already see this when traveling through major Russian cities. Russian converters are also sensitive to productivity increases thanks to running feedstock with stable physical properties.

So, in a nutshell, although we have a small market share in Russia today, Basell is positioning itself at the higher end of the market and expects to grow from there.

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What are Basell's plans for the further development and licensing of polyolefin production processes in Russia?

Basell and its predecessor companies have actively licensed technology in Russia for more than 20 years. To date Basell has licensed more than 34m tons per annum of polypropylene and polyethylene capacity, including more than 1.3m tons in Russia.

Basell has developed and is now commercialising new generation technologies including the Spherizone process for polypropylene and the newly designed Spherilene gas phase, swing LL / HDPE process. New projects will benefit from this combination of advanced technology with feedstock integration and important local markets.

What advantages do products from the Basell portfolio offer to customers?

Basell's new Hostalen Advanced Cascade Process HDPE technology can produce bimodal products for applications such as pipe, film and large blow molding applications that can challenge the performance of incumbent and tradi-

tional materials.

Basell's Spherizone process is the very latest development in polypropylene technology. It significantly enhances the properties of the polymers produced compared to the other technologies available. Products from the Spherizone process have the potential to expand the market for polypropylene resins into entirely new application areas and to displace traditional polypropylene materials.

A significant part of Basell's business is comprised of joint ventures in many parts of the world is there a possibility that you will form new joint ventures in Russia?

Basell's strategy is to develop and implement new joint ventures close to important markets or in areas where advantaged feedstocks are available. Russia is an attractive investment location because it has both a growing market and available feedstocks.

Basell is active in the polyolefin markets in Russia today through the sale of imported products, but we would

eventually like to have a local production source there. We are actively seeking opportunities and hope to be able to participate in a new polyolefin project in Russia in the near future; we envisage that such a project could also be used as an export base to serve markets worldwide.

What is Basell's view about the climate for investment in Russia?

Russia is a very important market for polyolefins. It is a country rich in natural resources, while at the same time it also has a rapidly growing domestic market. On 1 August this year, Basell became part of the Access Industries' portfolio. Access Industries has established a strong investment record over 20 years, in particular in major operations in Russia.

The main driver for investment in a particular country is certainly the perspectives for future returns and the chance for them to materialise. Russia is definitely attractive to foreign investment, and we believe that by opening the country further to world trade, it will become even more attractive. 