



# NEWS BRIEFING

## AMERICAS

### MOMENTIVE Q3 PROFITS HIT BY ECONOMIC UNCERTAINTY

US-based Momentive Specialty Chemicals expects to report a sharp decline in its 2011 third-quarter operating profits, as economic uncertainty has prompted customer caution. The company said it expects sales of around \$1.2bn (€876m) – flat year on year after adjusting for a divestiture. But it expects operating income to fall to some \$93m–\$104m from \$188m a year ago. Earnings before interest, tax, depreciation and amortization (EBITDA) from its business segments – epoxy, phenolic and coating resins and forest products resins – are expected at \$156m–\$166m, down from \$193m in the year-ago quarter.

### FORMOSA RESTARTS OLEFINS II CRACKER

Formosa Plastics' Point Comfort olefins II cracker in Texas ran at 85% of production capacity last Monday after a weekend restart. Company spokesman Steve Rice said the start-up process took less time than expected. The 816,000 tonne/year unit was taken off line for maintenance on September 1.

### HUAYU RUBBER APPOINTS TRIBUTE ENERGY AS AGENT

China-based Huayu Rubber has appointed US-based distributor Tribute Energy its sole agent and distributor for neodymium polybutadiene rubber (Nd-BR) for North America. The global market is growing at 10–12% annually, according to Huayu. Applications for Nd-BR include tires, conveyor belts and golf balls.

### US HOME BUILDERS GAIN MODEST CONFIDENCE

US house builders reported an increase in market confidence this month, the National Association of Home Builders (NAHB) said. The association's monthly housing-market index (HMI) rose by four points to 18, its highest level since May 2010, when a federal tax-incentive program briefly stimulated



#### PIC OF THE WEEK

### More Greece riots on austerity

Riots broke out in Greece after parliamentary approval of new austerity measures to bring down spending. Over 100,000 demonstrated against the austerity plan in the capital Athens.

home buying. However, the index remains at a historically low level. On the 1–100 HMI scale, a reading of 50 or above indicates that home builders are confident about their prospects for the next six months. "Builder confidence regained some ground in October due to modest improvements in buyer interest in select markets where economic recovery is starting to take hold and where foreclosure activity has remained comparatively subdued," NAHB chairman Bob Nielsen said.

### SALE TO HAVE NO IMPACT ON BWA WATER ADDITIVES

The June 2011 sale of US-based BWA Water Additives from Bahrain-based Seera Investment Bank to US-based family-owned investment management company Berwind will have no impact on operations, BWA president Paul Turgeon said. "From a customer and supplier perspective, there is no major change," he said. "From a strategic view, we are now owned by a long-term investor and have access to capital." BWA produces maleic

acid-based and acrylic acid-based antiscalants for industrial-water treatment, along with biocides. The company said it expects sales growth of 10–20% in 2011 from more than \$140m in sales in 2010, driven by new products.

## EUROPE

### GERMANY OCT ECONOMIC SENTIMENT FALLS

Germany's economic sentiment has hit a three-year low amid fears the eurozone debt crisis is hurting company investments and consumer spending, according to a poll by the country's ZEW Centre for European Economic Research. The centre said its monthly sentiment index fell 5.0 points from September to minus 48.3 points in October. The updated index is based on a poll of 271 financial-market analysts from October 4–17. "Due to the decrease of retail sales and industrial new orders, the financial-market experts may see their fears come true that the government debt crisis might

cause German companies and consumers to postpone [their] investments and consumption spending," ZEW said.

### ARKEMA LIFTS FM ON FRANCE CAUSTIC SODA

France-based chemical firm Arkema lifted force majeure on caustic soda at its plant in Fos, southern France, on October 14, a company source said. The French producer lifted a polyvinyl chloride (PVC) force majeure on October 12 at its plant in nearby Berre L'Etang. The declarations followed a strike-related shutdown at LyondellBasell's refinery and petrochemical unit at Berre on September 27, which prevented the distribution of PVC and caustic soda from Arkema's facilities. LyondellBasell's strike ended on October 9 and Arkema's operations have since returned to normal.

### PPG FINALIZES DUE DILIGENCE ON DYRUP

US-based PPG Industries has finalized due diligence on its deal to buy Danish coatings firm Dyrup for €115m (\$158m), including assumed debt. In May, when chemical firm PPG announced the acquisition, it put the transaction value at around €135m. PPG expects to close the deal on January 5, 2012. Dyrup, a producer of architectural coatings, employs 950 people at six plants in Europe. It had sales of about €190m in 2010.

## ASIA

### ECONOMIC GROWTH IN CHINA TO SLOW FURTHER

China's economic growth is expected to continue slowing down in the fourth quarter and beyond on continued tight monetary policies and dampened exports because of crises in the western economies, analysts said. China posted year-on-year GDP growth of 9.1% in the third quarter, down from 9.5% in the second quarter and 9.7% in the first quarter, National Bureau of Statistics (NBS) data show. "We predict that GDP



**Stellar growth in Asia is expected to continue**  
NEWS FOCUS P9



China's growth is set to slow

growth would likely narrow to 8% in the fourth quarter and touch somewhere below 8% in the first quarter of next year," said Wang Hu, an analyst at Shanghai-based brokerage Guotai Junan Securities. "It is extremely difficult for enterprises to get bank loans to support operations, and industrial expansions are expected to shrink further in such an environment."

#### SHANGHAI GAOQIAO TO RESTART BR UNIT

China's Sinopec Shanghai Gaoqiao is planning to restart its 120,000 tonne/year butadiene rubber (BR) plant in Shanghai on October 25, a source said. The plant was taken off line on September 17 for a regular turnaround. Gaoqiao is one of China's major BR producers and the plant's restart will directly raise domestic supply, especially in east China, the source said.

#### FPCC RESTARTING ITS NO. 3 NAPHTHA CRACKER

Taiwan's Formosa Petrochemical Corp. (FPCC) is in the process of restarting its 1.2m tonne/year No. 3 naphtha cracker at Mailiao, a company source said. The No 3 cracker was shut in mid-September for scheduled maintenance.

#### DUSHANZI PETROCHEMICAL RESTARTS RUBBER UNIT

China's Dushanzi Petrochemical restarted its 180,000 tonne/year multiple-rubber unit on October 12 after a 60-day shutdown, a company source said. The plant, at Dushanzi city in China's north-western Xinjiang province, has

four lines that produce low-cis polybutadiene rubber (BR), styrene butadiene rubber (SBR) and styrene-butadiene-styrene block copolymer (SBS). The company, which is a subsidiary of PetroChina, shut the unit on August 12 for annual maintenance in line with the shutdown of its 1.2m tonne/year upstream cracker, the source said.

#### SHELL ABOUT TO RESTART ITS NO. 3 CDU AT BUKOM

Anglo Dutch energy and chemical major Shell is expected to restart its fire-affected No. 3 crude distillation unit (CDU) at Bukom Island in Singapore on October 27, market sources said last Tuesday. The company restarted the refinery's similarly affected No. 4 CDU on October 17 and restarting No. 3 will depend on how soon No. 4 is able to achieve on-spec production and how quickly Shell can restart its hydrotreating unit at the site, according to a source. There are three CDUs at Shell's 500,000 bbl/day Bukom refinery, which was shut by a fire on September 28–29. Shell restarted the first of the three units, No. 5 CDU, which has a 210,000 bbl/day capacity, on October 11.

#### MIDDLE EAST & AFRICA

#### SABIC Q3 NET INCOME UP ON INCREASED SALES

Saudi Arabia-based petrochemical major SABIC reported a 2011 third-quarter net income of Saudi riyals (SR) 8.19bn (\$2.18bn, €1.58bn) – an increase of 54% year on year. Compared with the second quarter of 2011, the company's net income increased by 1%. Vice chairman and CEO Mohamed al-Mady attributed the positive results to increased production and sales. He also gave credit to the diversity of SABIC's markets and the company's strong presence in global production hubs, especially in the markets of developing economies such as China and India. In those markets, he said, the company has maintained its competitive position and growth. Looking ahead, Al-Mady said SABIC continues to grow and invest, and has new projects in place for 2012–2015.

## VOICES FROM THE WEB

Serious structural problems with China's economy are threatening another disappointing year for polymer demand after flat or even negative growth for many of the major synthetic resins during 2011.

**John Richardson** on Structural threats to China rebound.  
■ [www.icis.com/blogs/asian-chemical-connections](http://www.icis.com/blogs/asian-chemical-connections)

Wall Street analysts have their bonuses to consider at this time of year. So it is no surprise that they are talking up the prospects for the Christmas season – the peak shopping period of the year in the West. But those involved in shipping goods don't see the same rosy picture.

**Paul Hodges** on US consumers hit.  
■ [www.icis.com/blogs/chemicals-and-the-economy](http://www.icis.com/blogs/chemicals-and-the-economy)

Driving home from the airport around the Heathrow perimeter road, I caught sight of little pods ferrying people around the Terminal 5 long-stay car parks. As a London resident, I don't have much call to frequent the long-stay car parks, which is a pity because the four-seater pods look like an ideal alternative to the dreary car-park shuttle buses.

**Barbara Ortner** on Heathrow transport pods.  
■ [www.icis.com/blogs/icis-chemicals-confidential](http://www.icis.com/blogs/icis-chemicals-confidential)

In partnership with New Zealand-based LanzaTech, Boeing and Swedish Biofuels, Virgin Atlantic plans to use jet fuel made from waste gases captured from industrial steel production. The waste gas is fermented and chemically converted into jet fuel using Swedish Biofuels' technology. A demo flight with the new fuel is planned in one year to 18 months' time.

**Doris de Guzman** on LanzaTech.  
■ [www.icis.com/blogs/green-chemicals](http://www.icis.com/blogs/green-chemicals)



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## MOST-READ

The top five stories for the week just gone:

- 1 US DuPont proposes 15 cent/lb TiO2 hike; buyers vow to fight it**  
HOUSTON – DuPont Titanium Technologies announced on Friday its plan to increase North American pigment prices.
- 2 Thailand floods take heavy toll on industrial production**  
SINGAPORE – Widespread flooding in Thailand will shave the country's economic output this year, slowing its GDP growth.
- 3 Exports bring temporary relief for European propylene**  
LONDON – A combination of exports and cracker operating rate reductions has helped to offset pressure on propylene.
- 4 Thailand's flood damages to cut GDP by 0.6-1.0% – analysts**  
SINGAPORE – Widespread flooding in Thailand is threatening to break through the barriers protecting Bangkok.
- 5 Singapore petchem exports fall 8% on soft prices**  
SINGAPORE – Singapore's exports of petrochemicals in September fell 8% year on year.



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