



Go with the flow

BWA Water Additives president Paul Turgeon sees continuing strength in the water treatment market and tightness in acrylic acid feedstock

JOSEPH CHANG/NEW YORK

THE WORLD'S growing need for clean, potable water is driving demand for water treatment chemicals. And despite the recent financial turmoil, it looks like clear sailing for the market, according to the head of global producer BWA Water Additives.

"We see consistent growing demand for potable water worldwide. We expect the continuing construction of water desalination plants to reestablish the prerecession 15% growth rates to this market segment," says president Paul Turgeon in an interview with ICIS. "We've had a strong start to this year and expect this to continue, despite the European debt crisis. Our market is fairly shock resilient."

The desalination water-treatment business accounted for 40% of BWA's sales of about \$130m (€96.2m) in 2009, with the industrial side accounting for 60%. The company's geographic mix is diverse, with around one-third of sales in the Americas, one-third in the Middle East, and the rest split between Europe and Asia.

In membrane desalination, seawater is pushed through membranes to remove salt and impurities. BWA markets acrylic acid (AA) and maleic acid-based antiscalants used in reverse-osmosis membrane and thermal desalination, as

well as industrial water treatment. AA-based antiscalants account for 40–50% of its business. Antiscalants prevent the formation of solid deposits known as scale, which can inhibit operations.

The AA market is still very tight, according to Turgeon. "Things have not loosened up, but with our supply positions nailed down, there has been no impact on our ability to supply customers," he says. "However, if we were taking on significant new business, we'd have to review our supply chain capability in order to promise supply."

The US market has been mired in supply constraints. June contract prices for US glacial AA were \$1.14–1.19/lb – up from \$0.72–\$0.77/lb at the beginning of the year.

US major Dow Chemical declared force majeure at its 580,000 tonne/year acrylates plant in Deer Park, Texas, on March 10 because of a mechanical failure. Dow says the plant is now running at "planned capacities." American Acryl had kept its 140,000 tonne/year plant shut since December 2009, following an explosion, but operations are expected to resume shortly, according to market sources.

French producer Arkema, meanwhile, resumed shipments of AA and acrylate esters from its 275,000 tonne/year facility in Carling, France on May 11. Force majeure was declared on the plant in April.

In Asia, spot prices for acrylates hit 15-year highs in late May, with the US and European markets aggressively competing for supply from Asia. BWA is comfortable with its diversified supply of AA worldwide, says Turgeon. The firm toll manufactures its water treatment products, but closely

oversees sourcing raw materials. It aims to "launch new products that have similar severe service capabilities as current products but with an improved environmental profile."

While the water desalination market is performing strongly, things are more tepid on the industrial water treatment side. "Market conditions are pretty flat as the industry has dealt with industrial plant closures in the US and Europe. But we have performed better than most because of the success of our new products," Turgeon says.



"We have performed better than most"

Paul Turgeon, president,
BWA Water Additives

He estimates single-digit sales growth in 2010 for the industrial water treatment side of BWA. Customers are water service firms, which sell to end-market customers such as chemical, pharmaceutical and pulp and paper plants, as well as large institutional plants.

The industrial water treatment business is being driven by the increasing trend towards using less water and energy, Turgeon says. "Water reuse leads to challenging water conditions that can only be addressed by high-performance specialty additives."

Additional reporting by Larry Terry in Houston and Su Yeen Cheong in Singapore

» Visit our free Company Intelligence database
www.icis.com/companyintelligence