

PCPIRs need faster implementation: LANXESS

- Indian chemical industry has immense potential with increased investments coming to Asia
- PCPIRs could help build a sustainable chemical industry in India

Mumbai, October 12, 2012. LANXESS, a leading global specialty chemicals company and a prominent player in the Indian chemical industry was represented at IndiaChem 2012 organized by FICCI in Mumbai on Oct 4, 2012 through a panel discussion on 'Opportunities and Challenges in PCPIRs. Petroleum, Chemicals & Petrochemicals Investment Regions (PCPIR) is a concept proposed by the Government of India in 2009, defining it as a delineated investment region for the establishment of manufacturing facilities for production in petroleum, chemicals and petrochemicals, along with the associated services, with approx 250 sq. km identified for each PCPIR. The states where the planning or implementation is underway are Gujarat, Andhra Pradesh, Odisha, Tamil Nadu and Karnataka.

The discussion on PCPIRs at the annual chemical industry conference brought out facts, reviews and recommendations by both the industry representatives as well as government officials. Mr. K. Jose Cyriac, Secretary, Department of Chemicals and Petrochemicals, Government of India started the discussion outlining the corrective actions taken from their end in speeding up the implementation of PCPIRs and emphasized on the critical role of state governments in spearheading the planning and management and the commitment from the anchor investor in the success of the projects.

Dr. Joerg Strassburger, Managing Director and Country Representative, LANXESS India was one of the panelists wherein he reminded the audience about the huge opportunity that the Indian chemical industry has, especially with increasing thrust and

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investment of the global players shifting towards Asia. “The Indian chemical industry accounts for about 3% of global industry presently and has an ambitious target of reaching 6% by 2017”, he said, quoting from a report by the Planning Commission, Government of India.

Strassburger cited examples of successful global chemical parks which have played a key role in attracting a significant amount of investments, creating huge employment opportunities and also transforming the infrastructure in and around the regions of their development.

While agreeing with the other panelists on the benefits of PCPIRs in concept, Strassburger pointed out that it is a great platform to grow the chemical industry in a sustainable manner and help businesses to benefit from a common infrastructure (e.g. effluents treatment plant, power generation plant, emergency response, environmental controls and other utility services) and thus save capital. Unfortunately, none of the proposed PCPIRs have taken shape yet except for the one in Dahej, Gujarat.

Some of the strong recommendations that Strassburger made to speed up the implementation of PCPIRs were to introduce incentives to attract anchor investors as availability of ample feedstock is critical for downstream investors, tax incentives by the state governments to attract investors and single window clearance and faster approvals. He also suggested that efficient management and marketing of PCPIRs could be undertaken by a global chemical park management company and international collaboration with countries having large world class chemical parks could help in this regard.

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Strassburger concluded by asserting that LANXESS has made investments of approx INR 1300 cr in the last 3 years and is committed to the Indian market.

The representatives from the states of Andhra Pradesh, Gujarat and Odisha made detailed presentations explaining the initiatives to overcome the challenges pointed out earlier, review of actions already taken and the progress in their states so far.

Other panelists from the industry included representatives from Deepak Nitrite Limited, a potential investor to PCPIR and ONGC Petro Additions Limited, an anchor investor in the Gujarat PCPIR (in Dahej).

About LANXESS

LANXESS is a leading specialty chemicals company with sales of EUR 8.8 billion in 2011 and currently around 16,900 employees in 31 countries. The company is currently represented at 49 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals. LANXESS is a member of the leading sustainable indices Dow Jones Sustainability Index (DJSI) World and FTSE4Good.

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