

Press Release

LANXESS India advises on the growth prospects of chemical industry in India

- **India has to become competitive to tap the market potential in APAC region**
- **Indian chemical industry can target a major chunk of global trade with government support and favorable policy environment**

Mumbai, November 11, 2010: LANXESS India, the Indian subsidiary of the German chemical company LANXESS Deutschland GmbH, participated at the India Chem 2010 in Mumbai on 28th October, 2010. Addressing the delegates and key industry stakeholders at the event, Dr. Joerg Strassburger, Managing Director and Country Representative, LANXESS India introduced the key business areas for LANXESS in India. He stated that LANXESS India is a leading specialty chemicals company based on three product segments, namely performance polymers, advanced intermediates and performance chemicals and has manufacturing sites at Jhagadia in Gujarat and Nagda in Madhya Pradesh. In addition, he explained in detail the trade issues and the challenges faced by the chemical industry in India and suggested solutions that can make the India story for the chemical industry more promising for the future.

Strassburger said, "India has emerged as one of the most promising markets for the growth of the chemical industry but still represents an insignificant part of global trade. A noteworthy trend here is the fact that there has been a global shift of the chemical industry from US, Europe to Asia Pacific region, resulting in trade across the globe." He added, "In order to leverage this trend, Indian chemical industry needs to become more competitive and address all the barriers which are impeding the trade from India."

He further explained that structural changes in the global economy and industry have resulted in various tariff and non-tariff based barriers and the need to bring down these barriers in India.

He noted that although the import tariff has been reduced in the past few years, however it is still very high leading to much higher share of import duties on total tax revenue of the Government. Emphasizing on the advantages of bringing down the tariffs, Strassburger said that it would help in expanding the market, create more investment opportunities and generate more employment. Some of the major non-tariff concerns in the chemical industry include environment concerns and safety of human beings. He further added that feedstock and logistic cost and complex tax structure are some of the impediments to the growth of the chemical industry. He also highlighted the industry concern regarding shortage of land for sustainable chemical parks and lack of skilled manpower which hinders the industrial growth.

Strassburger concluded by saying that the chemical industry can target a major chunk of global trade with government support and favorable policies like lower

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duties; promoting environmental compliances; building sustainable parks; and creating favorable environment for consolidation in the industry.

About LANXESS:

LANXESS is a leading specialty chemicals company with sales of EUR 5.06 billion in 2009 and currently around 14,500 employees in 23 countries. The company is represented at 42 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

About India Chem:

IndiaChem is the largest event for the chemical industry in India, hosted by the Department of Chemicals & Petrochemicals, Govt. of India. The event covers a broad range of topics which includes potential business opportunities, research and development, infrastructure and environmental concerns, new applications of specialty chemicals, improving competitiveness, and application technologies for enhancing the productivity. IndiaChem provides a platform for the industry stakeholders to discuss the trade issues and challenges faced by the Indian chemical industry.

Forward-Looking Statements.

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Information for editors:

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You can find further information concerning LANXESS chemistry in our WebMagazine at <http://webmagazine.lanxess.com>.

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