

Potential and Problems facing India's Chemical industry: Perspectives of LANXESS

- APAC major contributor to the global chemical industry
- Indian specialty chemical industry can grow up to USD 100 billion by 2020
- Challenges need to be addressed to realize potential

Mumbai, April 12, 2011: LANXESS, a global specialty chemicals company and a leading player in the Indian chemical industry shares opportunities and gives recommendations for addressing the challenges faced by the industry, at the 12th Annual Chemical Weekly business Outlook conference held at the Hotel Leela in Mumbai. Around 150 delegates from all walks of chemical industry attended the conference. The audience was very responsive and posed thought provoking questions at the end of each session. Being a company that has made an overall investment of 150 million euros on building its assets in India in the last three years and built a case for sustainable development in India, LANXESS clearly stood out as one of the forerunners in the Indian chemical industry at the forum.

At the outset, Mr. Deepak Mehta, an industry veteran and the moderator for the opening panel congratulated Dr. Joerg Strassburger, Managing Director and Country Representative, LANXESS India Private Limited, for building a strong case for the Indian Chemical industry by not only establishing a successful business in India but by expressing his views clearly on the operating environment for chemical businesses in India.

Dr. Strassburger stated that India has the potential to build a USD 80 to USD100 billion specialty chemical industry by 2020 and Asia Pacific region now forms nearly 42% of the global market for chemicals, clearly making it the largest contributor. This further implies that India can leverage this shift in specialty chemical landscape.

The factors that can propel this growth are the strong domestic demand supported by the large rising middle class household

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consumption, increase in discretionary spending by middle-class households and buoyant exports. Dr. Strassburger shared that the Indian chemical industry has attained a critical size of USD100 billion approximately and is growing at close to 8 - 10% on an average. He also explained that end user industries like construction; automotive, tyre and agrochemical are all growing at very healthy rates currently.

Keeping this in mind, LANXESS strategic focus lies in the BRIC countries for growth both through targeted acquisitions and organic growth.

Dr. Strassburger further addressed some of the challenges that can deter the growth of the chemical industry in India. The need for public policy support, improvements in infrastructure, availability of continuous power supply, good connectivity to ports by road and rail, availability of feedstock, simplified tax structure and regulations, chemical parks with adequate facilities, availability of trained and skilled human capital, facility for single window clearance for faster clearances of permits and approvals are the factors that surfaced as the main areas that needed attention for the industry to realize its true value potential in India.

“LANXESS is a strong believer of the success story of Indian chemical industry and will continue to explore further opportunities for investments in India, if the framework is adequate” concluded Dr. Strassburger optimistically, at the conference where LANXESS stood out as an eminent player in the Indian chemical industry.

About LANXESS

LANXESS is a leading specialty chemicals company with sales of EUR 5.06 billion in 2009 and currently around 14,300 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.

Information for editors:

100 years of synthetic rubber – interesting information about the anniversary and the numerous areas of application can be found at <http://www.worldrubberday.com/>

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