

Bayer and Lyondell to build production facility in Rotterdam

Safeguarding and optimizing supplies of raw materials for polyurethanes

Leverkusen – A joint venture for the construction and operation of a world-scale production facility for polyurethane base products has been set up by Bayer and the Lyondell Chemical Company of Houston, Texas. The new facility, which is to be built in Maasvlakte (Rotterdam), the Netherlands at a cost of over EUR 500 million, is scheduled to come on stream in 2003. Bayer and Lyondell will each have a 50 percent share in the joint venture and each company will off-take half of the annual production of 285,000 tons of propylene oxide and 640,000 tons of styrene. The boards of the two companies have already given their approval to the project.

"For Bayer, this project represents another important step towards safeguarding and optimizing our propylene oxide supplies," said Dr. Hans-Joachim Kaiser, General Manager of Bayer's Polyurethanes Business Group. "It also gives us long-term access to supplies of propylene oxide – a base product for the production of polyols – at low cost." Bayer's share of the styrene production roughly corresponds to its requirements.

Polyols are a raw material for the production of polyurethanes, whose manufacture also requires complementary components in the form of MDI (diphenyl methylene diisocyanate) or TDI (toluene diisocyanate). Bayer was already the world's leading manufacturer of these diisocyanates when it acquired Lyondell's polyols business on April 1, 2000, and thus became the largest producer of polyurethane raw materials in the world. As part of the transaction, Bayer also gained the long-term right to purchase supplies of propylene oxide from Lyondell.

Global demand for polyurethanes is growing steadily at an annual rate of between four and five percent. By virtue of the variety of forms in which they can be produced, ranging from solid materials to foams with widely varying properties,

polyurethanes find a broad spectrum of applications in the electrical industry, in high- and low-temperature insulation, in the manufacture of engineering components, in the furniture industry and in the sport and leisure sectors.

Bayer's Polyurethanes Business Group currently has more than 20 production facilities situated in Europe, North America and Latin America, and Asia. In 1999 the 4,700 employees in the Group achieved sales totaling EUR 2,175 million. As a result of the acquisition of Lyondell's polyols business, sales increased to some EUR 3,000 million and the number of employees rose by 750.

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