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## Celanese Chemicals – Where East meets West

Many of Celanese Chemicals' products are relatively mature so that maintaining their excellent market positions in Europe and the U.S. will only translate into growth at around GDP levels, or a solid 2-3 % per year. To meet the company's growth and productivity goals, Celanese needs to participate in the opportunities being generated in the developing economies of the world, particularly in Asia.

Not all Asian countries are consumer driven economies yet, but they are increasingly becoming production centers for goods moving to the consumer markets of Europe and North America. This creates the jobs and incomes that will eventually lead to an ever growing consumer market in Asia. It may be some time before the growth reaches the levels that characterized pre-crisis Asia, but several economies such as those in China, Korea, Thailand and India, are repeatedly hitting high levels, even in the quiet economic times of the past few years. Asian markets are the economic growth engines that will drive our future.

### Setting up in Singapore

In the early 1990s, when Celanese Chemicals decided to build a vinyl acetate unit in Southeast Asia to serve the fastest growing region of the world, a number of sites were evaluated. Singapore was selected because it presented a strong pro-business approach and was extremely helpful in accommodating the company's needs.

The Jurong Island concept was still a work-in-progress, but it was clear that Singapore was committed to helping create the infrastructure needed for success. Today, the island is a global model of an integrated site, providing basic infrastructure with nearby access to supplies and, best of all, customers.

Celanese Chemicals has been producing in Singapore since 1997 when it opened its 170,000 metric ton vinyl acetate plant. In 2000, two additional plants were inaugurated, one for the production of ethyl and butyl acetate with a combined production capacity of 100,000 metric tons, and the other a state-of-the-art acetic acid plant with an annual capacity of more than 500,000 metric tons.

The Singapore acetic acid plant uses the same leading methanol carbonylation technology that is used at the company's largest 1.2 million metric ton plant in Clear Lake, Texas. Celanese's success is largely based on this highly efficient know-how, which employs the carbonylation of



methanol. Research has yielded a long history of improvements to this technology, enabling Celanese to expand the capacity of the Clear Lake plant from 590,000 metric tons in 1995 to currently 1.2 million. The implementation of the latest AO Plus™ technology in Singapore would allow the capacity of the plant to be doubled from current levels. Similarly, Celanese has also been successful in achieving breakthroughs in its vinyl acetate monomer technology. The latest significant improvement, entitled Vantage™, has allowed the company to significantly increase production efficiencies and further lower operating costs. It also provides Celanese with the possibility of adding production capacity equivalent to a world-scale plant at 10-15 percent of the cost of building a grass roots unit. Thus Celanese is in a position to effectively meet the growing demands of the vinyl acetate monomer market in Asia.

“We are an Asian producer now. For vinyl acetate, acetic acid and acetic acid esters, we can compete with anyone here,” says George McGinn, Managing Director of Celanese Pte Ltd.

“Some may have better freight cost situations, but our excellent acetic acid technology overwhelms any such disadvantage.”

### **Growth opportunities**

Celanese Chemicals is always on the look-out for opportunities to invest, either in Singapore or other areas including China. “Our options include expanding our existing franchises in acetic acid and vinyl acetate, but we are also on the look-out for opportunities to invest in extending our value chain. Growth is our goal and we expect Asia to continue to expand its position as a supplier to Europe and North America. New investments can also help feed the demand that supports the growing consumer markets here,” says McGinn. In China, Celanese Chemicals has multiple representative offices that were established to help liaise with potential customers paying in U.S. dollars. Recently, a trading company has been added in Shanghai that allows invoicing in local currency as well. Business in China continues to be complex. Frequently, end-users have to go through local trading



1. In Singapore Celanese operates a highly efficient acetyl complex.

2. George McGinn is Managing Director of Celanese Pte Ltd. in Singapore.

3. The Celanese Chemicals site is located on Jurong Island off the coast of Singapore. The chemical complex is a global model of an integrated site.

4. The three Celanese plants for producing acetic acid, acetic anhydride and vinyl acetate are operated from an integrated control station.

companies to finance imports as foreign currency continues to be available on a limited basis. Gradually, as China implements new policies to introduce World Trade Organization practices, this will become easier. For now, almost all sales require letters of credit, adding complexity to an already complex transaction.

For the Celanese Chemicals operation in Singapore, eCommerce solutions are becoming increasingly important. Almost 25 % of transactions start with an order entered in ChemVIP, Celanese's own eCommerce site. "Our new capability to allow customers to track shipments makes this an attractive way to do business with us, and it provides timely feedback on the whereabouts of shipments," says McGinn.

"Building this kind of link to our customers is one way we differentiate ourselves in the marketplace. The other is the strong presence of our local representatives, people who know the language, the culture and the local business environment. We are extremely proud of the customer team we have built in Asia and believe their enthusiasm and professionalism give us a significant competitive advantage." ◀