

Focus Downturn prompts chemicals strategy shift - IeC

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By Anna Jagger

LONDON (ICIS news)--After a tough 2009 and uncertainties about the year ahead, chemical companies are identifying the global “megatrends” that can help them achieve long-term growth, **International eChem** chairman Paul Hodges said on Friday.

The global economic recession is marking a shift in companies’ long-term strategies, Hodges said. There is increased pressure on the world’s resources, and this is prompting firms to identify growth opportunities in areas such as renewable energy, food and water, he said.

“Downturns of this scale are generally periods of transition,” remarked Hodges. As we emerge from the downturn in three or four years time, companies will be focusing more on low carbon technologies, he continued.

“Sustainability is going to be fantastically important. It hasn’t been important until now because we’ve always had a buffer stock of spare oil production... Today, supply and demand are pretty closely balanced.”

Essentially, Hodges said, the current transition involved “doing more with less”. Regarding food, for example, the whole supply chain needs to be analysed, with the emphasis moving “away from obesity and towards a more responsible outlook”.

The transition offers multiple opportunities for the chemicals industry, which has traditionally been good at developing new products aimed at improving efficiencies. The chemical industry has the skills required to optimise supply chains, and has over the years been able to adapt to new feedstocks, said Hodges. “It started off using coal as a feedstock, and then moved to oil. A move to bio-based products should be no great surprise and should not cause great difficulties.”

Innovations in biotechnology can help address the growing global demand for food and fibre and reduce dependence on fossil fuels, said **DuPont** executive vice president James Borel.

Biotechnology will play a critical role in doubling agricultural output by 2050, when the world’s population is expected to reach 9bn, he told delegates at the BioJapan World Business Forum in October.

Increasingly, companies are realigning their research and development (R&D) capabilities with such megatrends. **DuPont** has allocated more than three quarters of its \$1.4bn

(€924m) R&D budget in 2009 to three major global megatrends: increasing food production, decreasing dependency on fossil fuels and protecting people, assets and the environment.

US silicon-based technology company **Dow Corning** aims to direct more than 50% of its R&D spending on projects linked to sustainability, efficiency and alternative energy. Around 40-45% of the company's R&D spending is already geared towards sustainability, the company said, and much of the its innovation efforts will be linked to megatrends around green energy, clean and accessible water and a sustainable urban environment.

Increasing urbanisation is driving many of these trends, observed Peter Cartwright, **Dow Corning's** global executive director for environment, health and safety (EHS).

Quite soon in the future, some 50% of the global population is expected to be living in big cities, he said. "Big towns are going to need secure energy supplies and clean water, and will have to deal with climate change too."

The \$19bn global solar power market continues to be a major focus for Dow Corning. The company, a joint venture between US groups **Dow Chemical** and Corning, produces solar silicon via its Hemlock Semiconductor subsidiary in Hemlock, Michigan, US. "Our solar silicon is a key provider of low carbon and renewable energy," Cartwright said.

(\$1 = €0.66)

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