

Europe benzene to be robust in downturn - Hodges

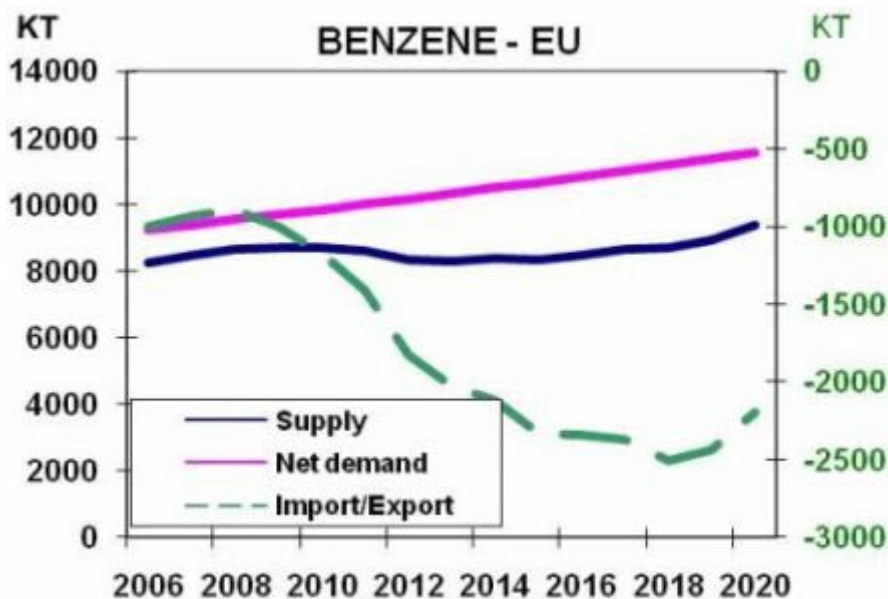
26 November 2008 12:59 [Source: ICIS news]

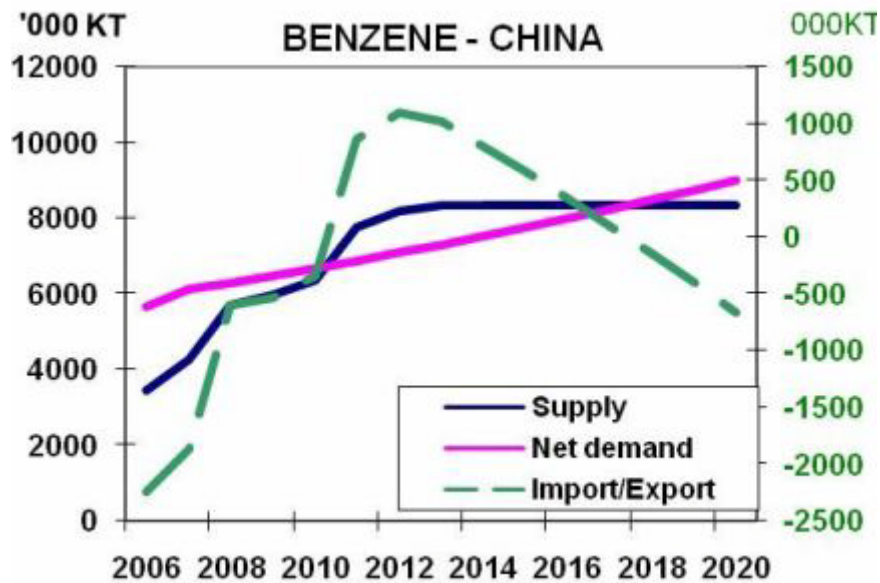
LONDON (ICIS news)--European benzene demand is likely to be more robust than many Asian regions in a global economic downturn, said International eChem consultant Paul Hodges on Wednesday.

In a paper prepared for the 7th ICIS European Aromatics and Derivatives Conference, Hodges attributed this resilience to better integration downstream in the European industry, as well as a higher concentration of end-users.

However, aromatics markets would continue to see high degrees of volatility, he said, as the supply of aromatics from ethylene crackers and the gasoline pool could not be controlled in line with decreases in demand.

Price volatility in both crude and aromatics would make it very difficult for producers to manage their margins down the entire aromatics product chain, he said.





Europe would continue to import aromatics during the economic downturn, he said, because domestic naphtha crackers would be expensive compared with Middle East units based on ethane.

However, said Hodges, the European aromatics industry should look at closer integration with refineries, which would offer them the opportunity to alter the current difficult supply and demand dynamics.

The two-day conference ends on 27 November 2008.

*Paul Hodges studies key influencers shaping the chemical industry in his Chemicals and the Economy blog*

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