

# Asahi Kasei Stepping Up Structural Reform of Petrochemical Business

Released on 28/12/12

Asahi Kasei Chemicals is accelerating the rationalization of its domestic petrochemical operations, especially for general-purpose monomers, amid contracting demand at home and a shifting of markets to emerging economies.

The company's domestic petrochemical business generates annual sales of around 700 bn yen (\$8.13 bn), 60% from general-purpose monomers and 40% from functional petrochemical products. The markets for general-purpose petrochemicals are volatile, but sales are favorable of functional products like engineering plastics, pharmaceutical excipients, paint materials, and water-treatment membranes. Asahi therefore intends to tilt the balance, so that general-purpose petrochemicals account for only 35% of annual sales in the medium term, by producing more general-purpose petrochemicals abroad and moving to functional petrochemical products in Japan.

With its new 200,000-t/y plant in Thailand and 250,000-t/y plant in South Korea expected to shortly start their production of acrylonitrile, Asahi will cut its domestic Mizushima plant's production to 200,000 t/y, down from 300,000 t/y, to match domestic demand. The company will also study a gradual suspension of its 150,000-t/y Kawasaki plant, due to the plant's higher production cost, with an eye on future profitability. The two new overseas plants will take over exports to Asian markets such as China and Taiwan, which are now fulfilled from Japan.

The domestic production of styrene monomer and polyethylene will be curtailed as well, and their exports, which were conducted to maintain operating rates, will be halted.

The combined production of adipic acid in Japan and South Korea will be reduced to 140,000 t/y, just sufficient to meet domestic demand and Asahi's captive consumption, by running the domestic 120,000-t/y Nobeoka plant at a rate of 75%, or 90,000 t/y, while keeping the Korean plant's production at 50,000 t/y.

Under Nishi Nippon Ethylene, Asahi's limited liability partnership with Mitsubishi Chemical for cracker integration in the Mizushima industrial area, work on the unifying of naphtha operations, including preparing nozzles for pipelines, is underway. Asahi previously stopped its in-house production of ammonia and benzene, switching to procurement from external sources, to streamline its derivatives production.

Source *The Chemical Daily*