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By taking over BASF's portion of the Styrolution joint venture, the company will become the world's largest producer of styrene monomer, polystyrene and styrenic specialties The news that INEOS plans to swallow up BASF's 50% portion of the Styrolution joint venture shows just how successful the company's leaders have been in seizing opportunities and thinking creatively about the challenges it faces.

On 30 June the Swiss group revealed it is to acquire an additional 50% stake in the styrenics producer from BASF for €1.1bn. The deal is expected to close in the fourth

quarter of this year. Styrolution was established in 2011 through the merger of BASF and INEOS' styrenics businesses, and is the world's largest producer of styrene monomer, polystyrene and styrenic specialties.

INEOS saw an opportunity in BASF's decision to reduce exposure to commodity chemicals and engineered the deal which also gave it the right to buy BASF's stake from 1 February 2014. With a heavy asset base in Europe, INEOS and BASF were both exposed to the high energy and feedstock costs which have plagued commodity producers for many years. The rise of US shale gas and cheap ethane has only made the situation worse as Europe continues to move up the cost curve.

To combat this, INEOS saw the sense in merging their operations with BASF's to give economies of scale and the ability to consolidate an over-supplied market. The

results have been positive: Styrolution's earnings before interest, taxes, depreciation and amortisation (EBITDA) was €442m in 2013, a 32% increase from the previous year on the back of strong polystyrene margins and styrene monomer market performance.

This deal is the latest in a string of clever manoeuvres by CEO Jim Ratcliffe and his team. In May last year INEOS and Belgium's Solvay agreed to put their chlorvinyls

businesses into a 50:50 joint venture, forming one of the world's largest polyvinyl chloride (PVC) producers.

Again, INEOS saw a way to emerge as a winner fromp Europe's high cots position in ethylen and Energy

through the combination which was approved in June.European PVC demand was also 30% lower the pre crisis peak.It also helped Solvay pursue its strategy to cut exposure to commodities.

INEOS is also the first European player to capitalise on US shale gas. It is mid way through the construction of terminals to import competitively-priced US ethane at

Grangemouth in Scotland and Rafnes in Norway. The company is gambling on US ethane staying cheap with oil and naphtha, expensive. It also suffered financial

difficulties after the crash. But, so far at least, its entrepreneurial attitude to the chemicals business has paid off handsomely.

Source: Icis aromatics news