

Asahi : Strengthening of petrochemical operations in Japan

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Asahi Kasei Corp., Asahi Kasei Chemicals Corp., and Asahi Kasei E-materials Corp. have made a decision to strengthen their petrochemical operations in Japan as described below. Background Having identified acrylonitrile (AN) and solution-polymerized styrene-butadiene rubber (S-SBR) for fuel-efficient tires as world-leading businesses in its strategic management initiative For Tomorrow 2015, the Asahi Kasei Group is proactively expanding production capacity for these products overseas, mainly in Asia. In contrast, the operating climate in the domestic Japanese petrochemical market is expected to be increasingly challenging, with contracting demand and increasingly severe competition from low-priced imports.

Based on careful study of how to best realign operations in such a climate, it was determined that the following measures would establish the optimum production configuration from feedstock to derivatives in balance with domestic demand in order to heighten competitiveness and ensure a stable earnings base. Outline of the measures to strengthen operations Unification of naphtha cracker facilities in Mizushima, Japan The naphtha crackers of Asahi Kasei Chemicals and Mitsubishi Chemical Corp. in Mizushima are scheduled for unification on the Mitsubishi Chemical facility in April 2016, in order to establish the optimum production configuration. For further information, please refer to the press release Basic agreement on unification of naphtha cracker facilities in Mizushima, dated February 25, 2014. AN business Asahi Kasei Chemicals currently has AN production capacity of 1,210,000 tons/year at four locations. Capacity in Japan is 450,000 tons/year, with one plant in Kawasaki (150,000 tons/year) and two plants in Mizushima (100,000 tons/year and 200,000 tons/year). Overseas capacity is 760,000 tons/year (560,000 tons/year in Korea and 200,000 tons/year in Thailand). In light of the challenging operating climate of recent years, including sluggish market prices due to deterioration of the supply-demand balance, rising feedstock prices, etc., the decision was made for closure of the AN plant in Kawasaki in August 2014. In addition, the 100,000 ton/year AN plant in Mizushima, currently used to produce another product as well, will be dedicated to the production of the other product, resulting in AN production concentrated on the most cost-competitive facilities at three sites. This realignment will further enhance competitiveness by engendering supply more clearly focused by geographic area, with production in Mizushima focused on the market in Japan, production in Korea focused on the market in Korea, China, and Taiwan, and production in Thailand focused on the market in ASEAN countries.

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