

France's Arkema to invest in acrylic acid production in China

DATE : 2014-01-23

Arkema is initially investing \$240m in Jurong Chemical's acrylic acid production in China, the French chemicals maker said on Thursday.

The two companies have formed a joint venture firm called Sunke, which will comprise the assets of Jurong Chemical's acrylic acid production at Taixing in Jiangsu province, according to Arkema.

Jurong Chemical currently has two production lines at the site, each with an installed capacity of 160,000 tonnes/year. A third line with the same capacity is due to start up in the first quarter of 2015.

"When the deal closes later this year, Arkema will have access to half of the site's installed production, namely 160,000 tonnes/year for a \$240m investment," Arkema said.

"When the third line comes on stream, Arkema will have the option to access 2/3rd [two-thirds] of the site's acrylic acid installed capacity, namely 320,000 tonne/year, for an additional \$235m investment," it added.

Arkema has a further option to acquire the remaining third of Jurong Chemical's acrylic acid production capacity for \$165m in the next five years, the company said.

"This partnership is a unique opportunity for Arkema to access a major acrylic monomer production site in Asia this year," Arkema executive vice president Marc Schuller said in the statement, citing that China represents a quarter of the global acrylics market.

"This expansion in a strategic region now provides us with a strong and balanced industrial and commercial footprint on three continents," he added.

Arkema currently has acrylic acid production at Carling in France and at Clear Lake, Texas in the US.

The deal, which is still subject to regulatory approvals, is expected to close in the summer of 2014, the company said.

SOURCE Icis News