

The Chemical Industry in Europe



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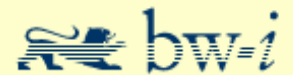
The purpose of this presentation is to:

- Demonstrate the importance of the European Union – the world's largest single market
- Outline its future dimensions as it expands towards the east
- Describe the present status and future prospects for the chemical industry within this market
- Explain why Baden-Württemberg is the ideal location from which to serve the chemicals market – Europe wide

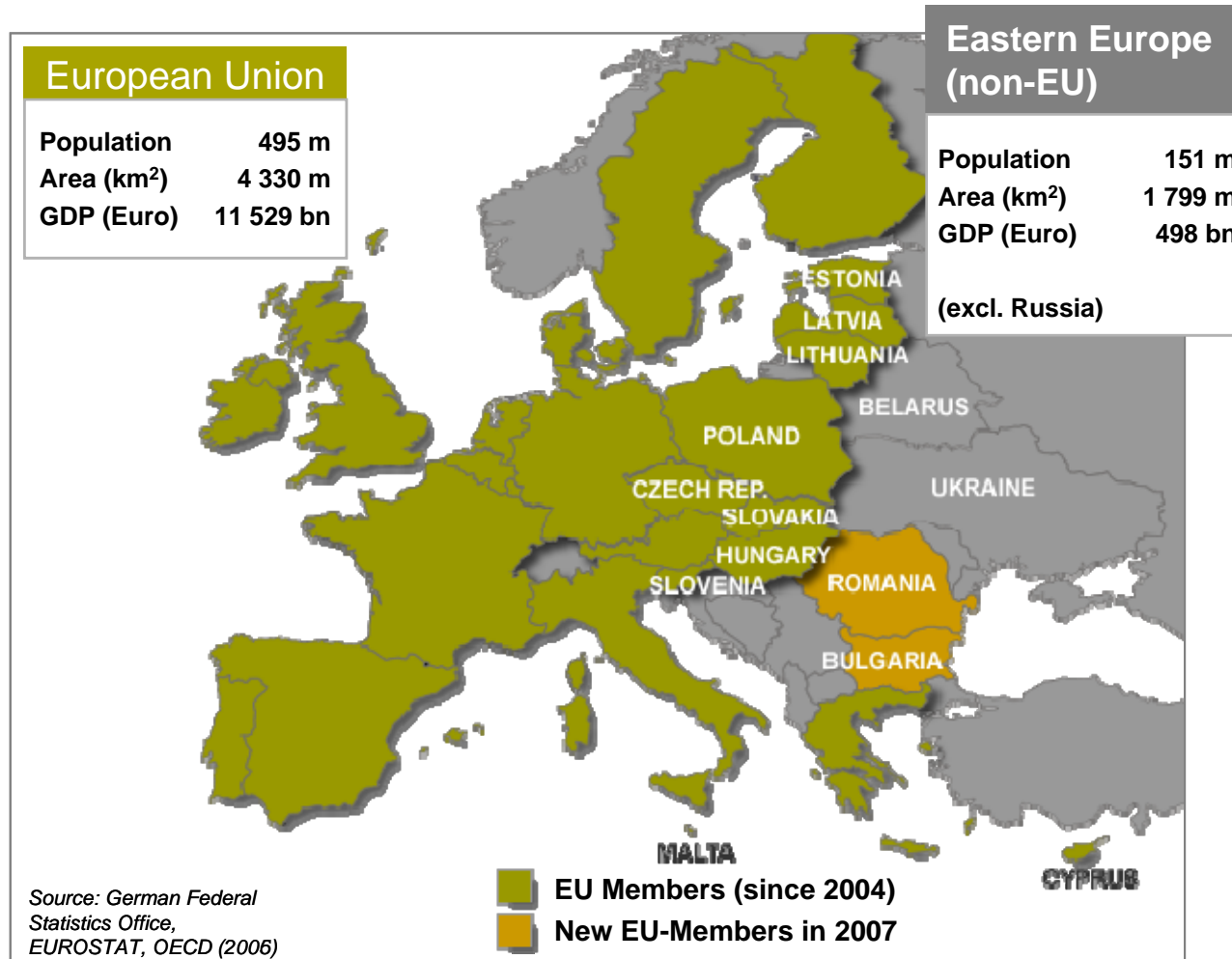


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Europe is expanding towards the East



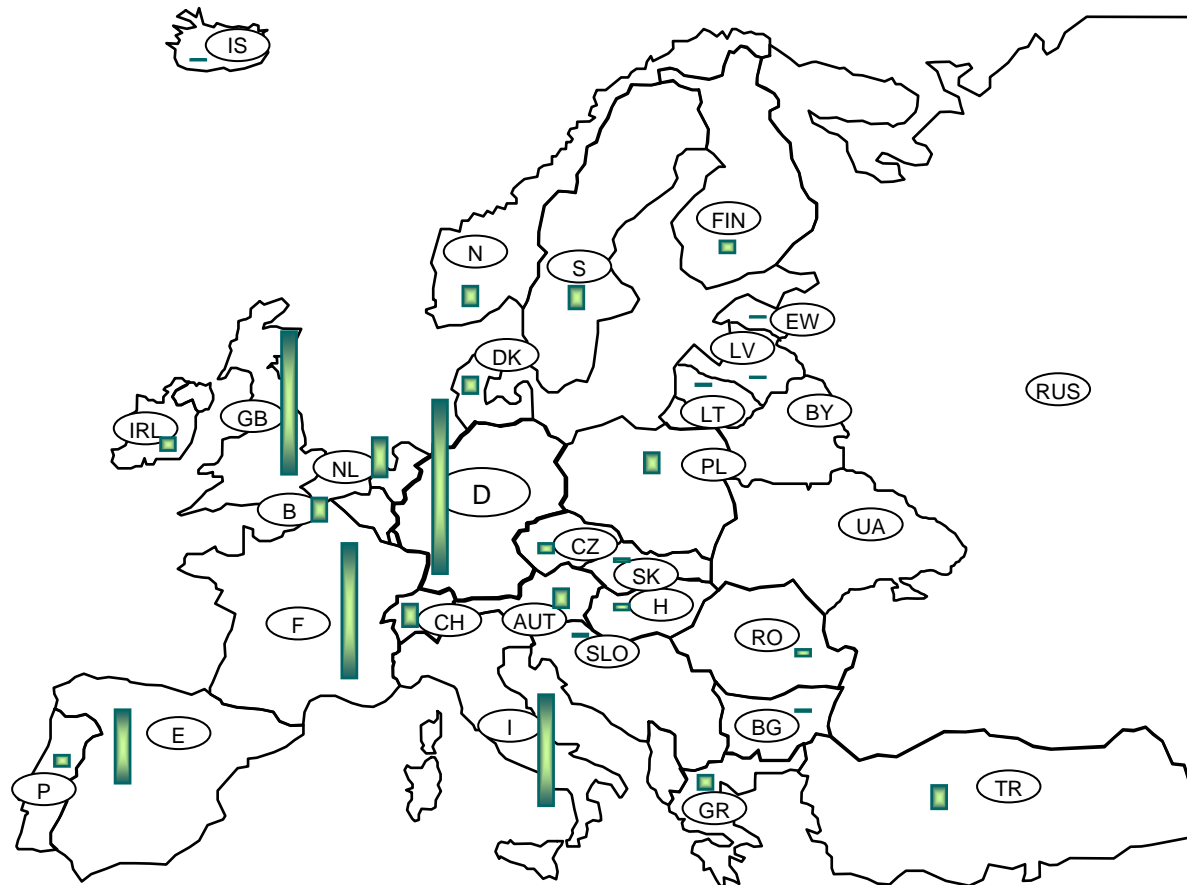
In the last two decades, the sharp contrasts between the Western and the Eastern European countries have been fading and the European Union is the major driver for Europe's integration.

Since May 2004, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, the Baltic States, Cyprus and Malta are members of the European Union. In 2007, Romania and Bulgaria are have joined the EU.

European integration opens up a vast market for your company with untold market opportunities.



The leading Markets in Europe



In 2006, the 27 member states of the European Union had a total Gross Domestic Product of Euro 11 529 bn, exceeding the GDP of the USA (Euro 10 550 bn) and Japan (Euro 3 478 bn).

Four of the member states – Germany, Italy, France and the UK – are among the six largest economies of the world. Of these, Germany has the highest GDP, the largest population, and the highest purchasing power.

Within Germany, the State of Baden-Württemberg, Germany's southwest, is one of the most prosperous and innovative regions.

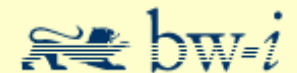
Source: German Federal Statistics Office, EUROSTAT, OECD (2006)

■ Dimension of total GDP

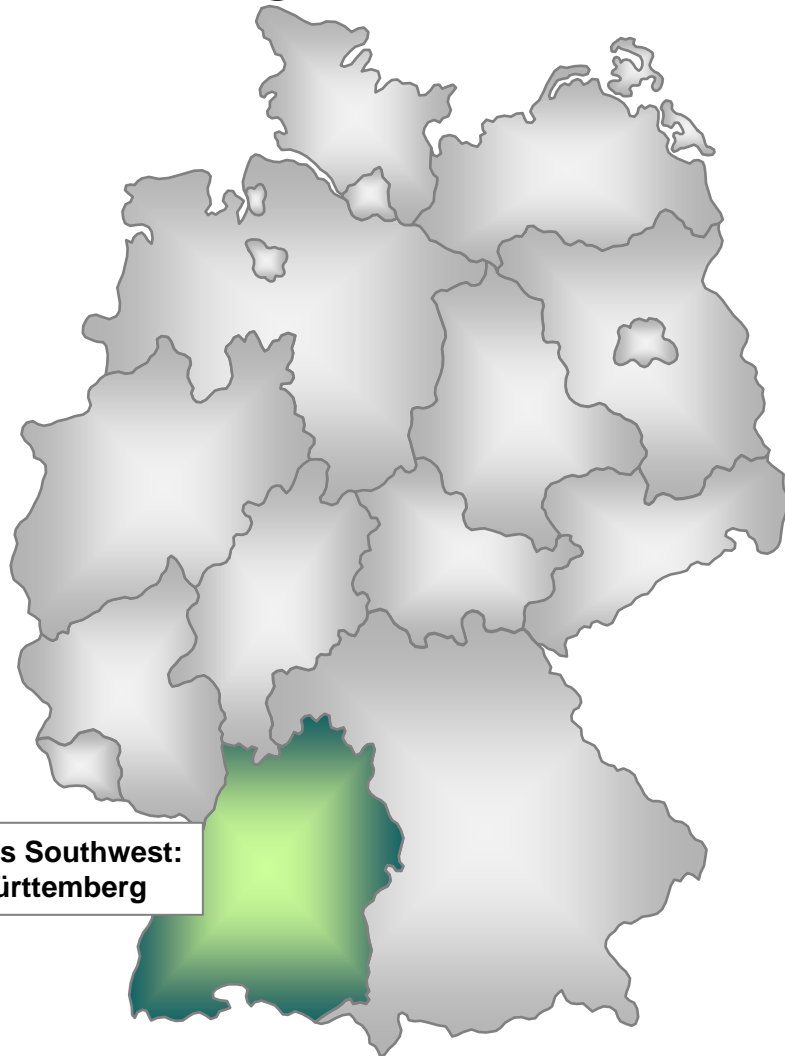


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The right Location for Growth and Prosperity



Baden-Württemberg is already the most highly industrialized and one of the most prosperous regions in Germany.

Its proximity to important markets – east and west – makes it an ideal location for pan-European activities.

And it has further merits:

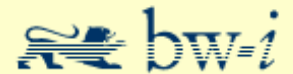
- It has a highly developed infrastructure – suppliers, R&D facilities, business services.
- Its workforce is well trained, innovative and productive.
- Its companies have an established export orientation and know how to penetrate new markets.

It is set to succeed in the 21st Century.



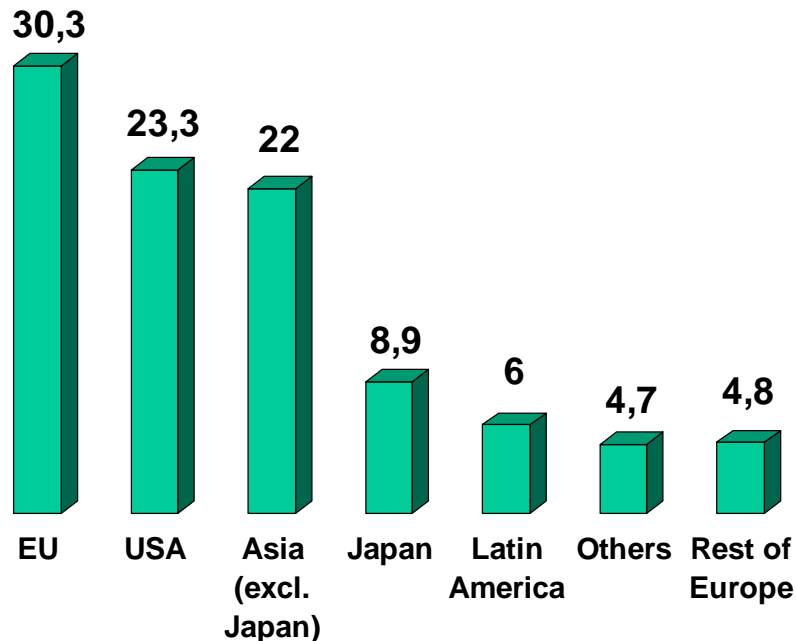
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Western Europe – the World's largest Chemical Producer

Major Regions and their Share of Worldwide Chemical Production in %



World chemical production amounts to €2 179 billion. With an estimated €661 billion, the EU chemical industry is the world's largest producer. It is one of Europe's most international, competitive and successful industries, embracing a wide field of processing and manufacturing activities.

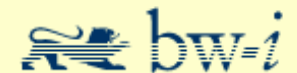
The EU represents 30.3% of the World Chemical Production.

Source: Source: German Association of Chemical Industry / figures from 2006



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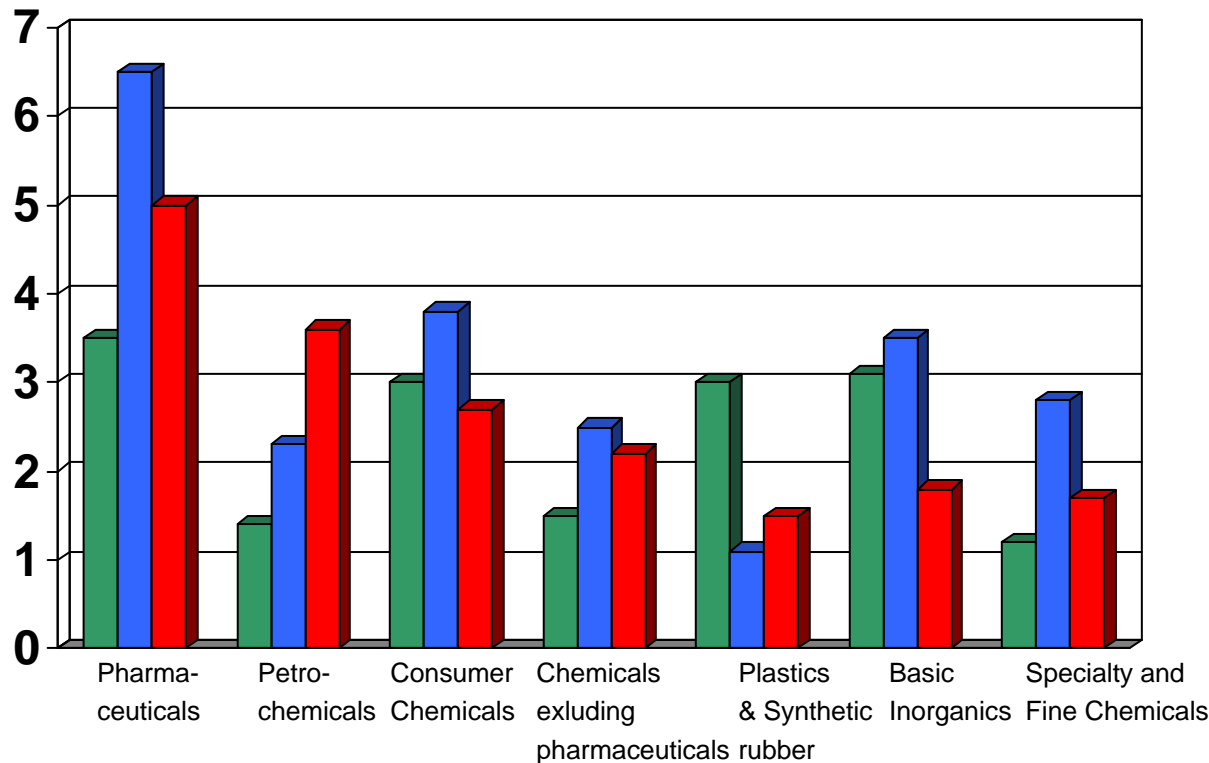
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Production growth of the EU chemical industry by sector

Production growth rate

2005 2006 2007



The EU chemical industry is its own largest customer, buying 71% of its chemical output for further processing.

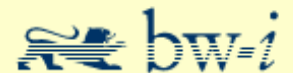
Once processed, products are destined for industry, agriculture or directly for consumer markets.

Source: CEFIC, figures from 2006



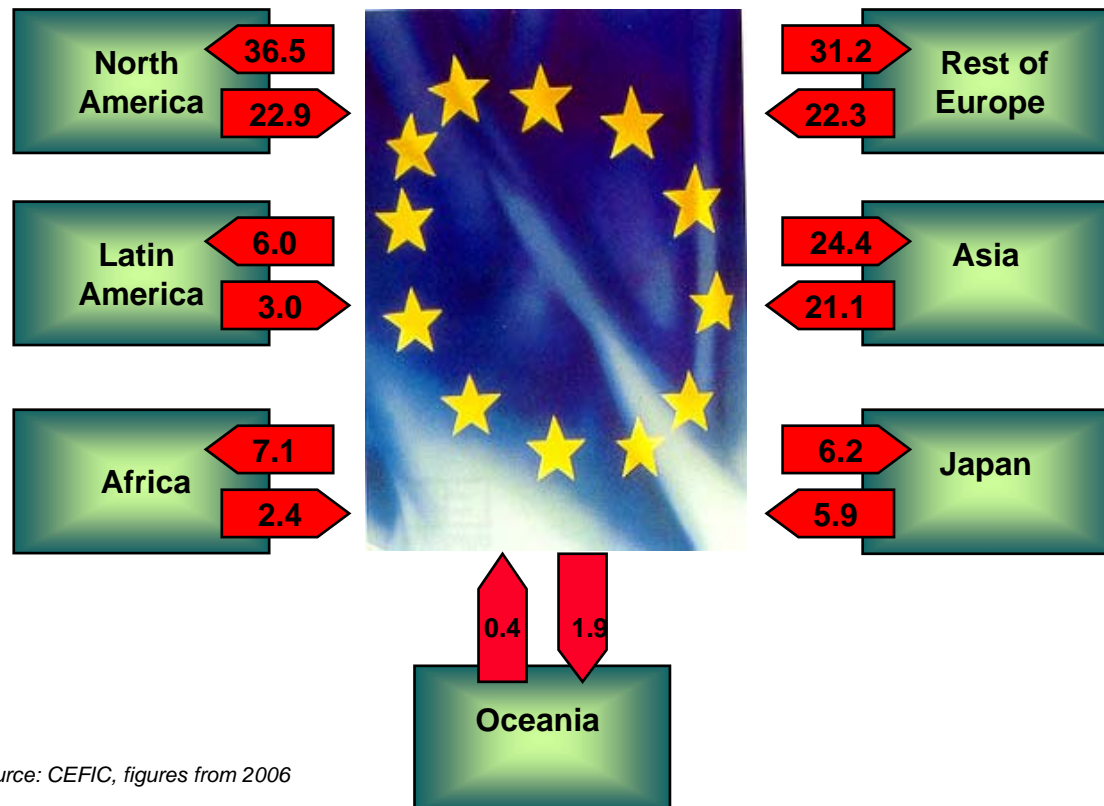
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The EU – An important global trade partner

EU trade flows in billion €



Source: CEFIC, figures from 2006

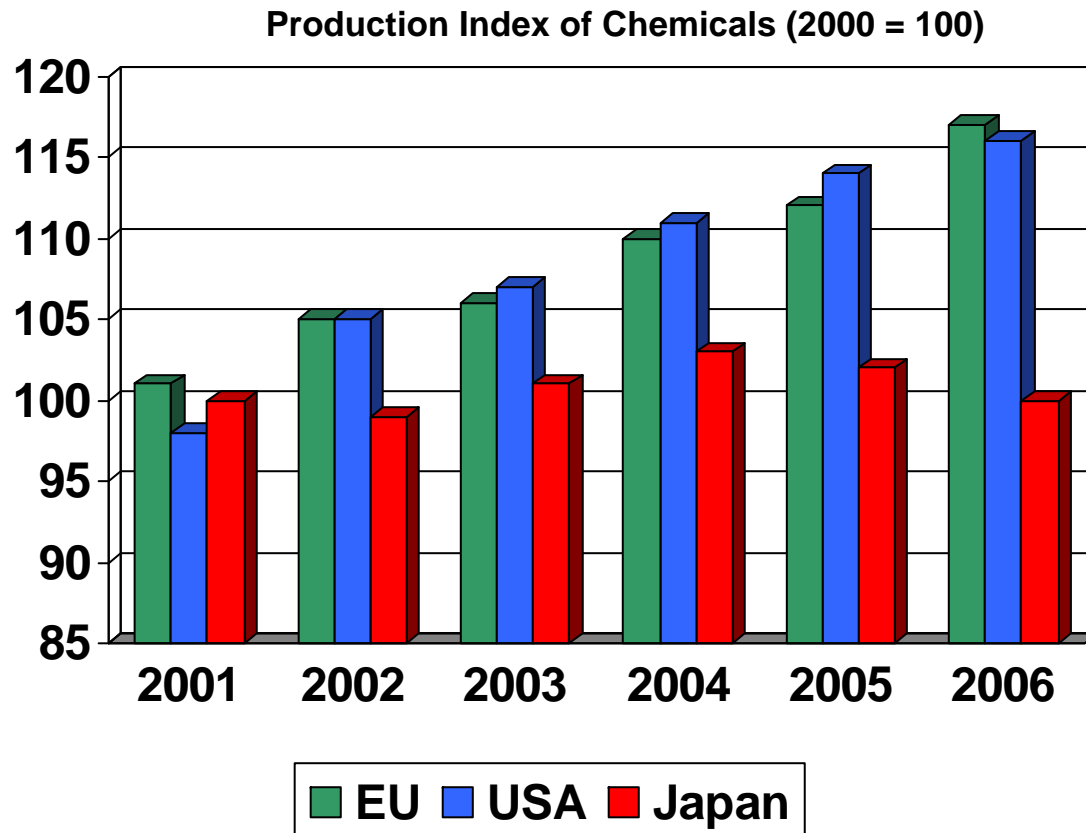
Exports of the EU chemical industry are almost double the value of the imports.

Of total industry sales, 21.8 % are destined for domestic markets, 41 % for the American markets and 8.7 % for Asia.

The diagram shows the EU chemicals trade with major geographic blocs (in billion €).



The EU achieves the highest growth rates worldwide



EU chemicals production grows by 2.8% per annum. The export trade is the most important driving force, reflecting sustained demand from Asia and the USA and growing demand from the emerging economies of Eastern Europe.

The EU chemical companies have made great strides in developing:

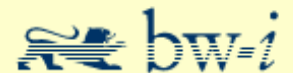
- bio-degradable products
- ultra-safe food packaging
- sophisticated industrial plastics.

Source: Source: German Association of Chemical Industry / figures from 2006



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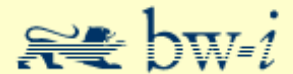
The EU Chemicals Sector continues to offer significant Potential

- The EU chemicals sector welcomes innovation
- New entrants have good prospects among the wide range of specialized producers, either independently or in cooperation with a European firm
- Cooperation with a European producer can enable you to:
 - Open up new markets
 - Extend your company`s product range
 - Optimize R&D efforts

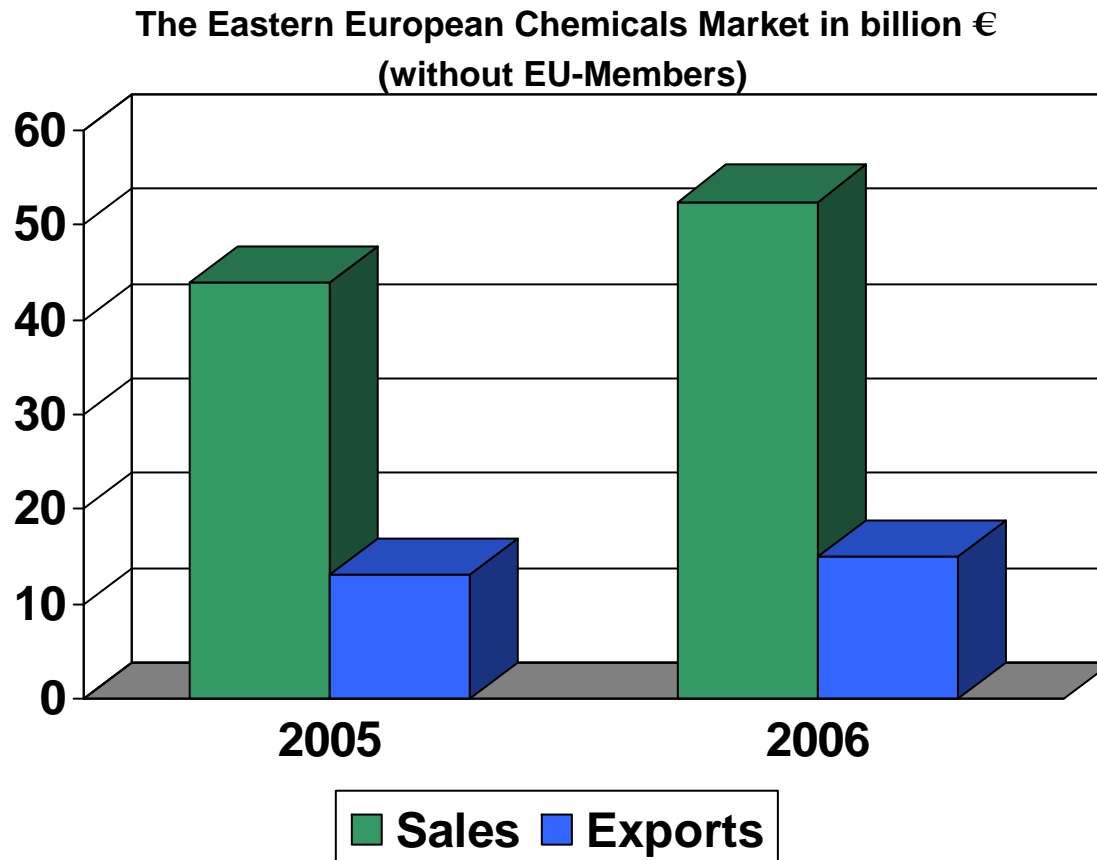


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Eastern Europe – An interesting Potential for Chemicals



The chemical industry is traditionally one of the most important sectors of Eastern European industry. It can draw on significant production capacities and a qualified workforce.

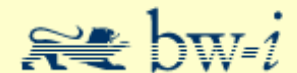
In the context of accession to the EU, the Eastern European candidate countries undertake a challenge. There is still an increasing need for Western know-how to improve products.

Source: German Association of Chemical Industry / figures from 2006

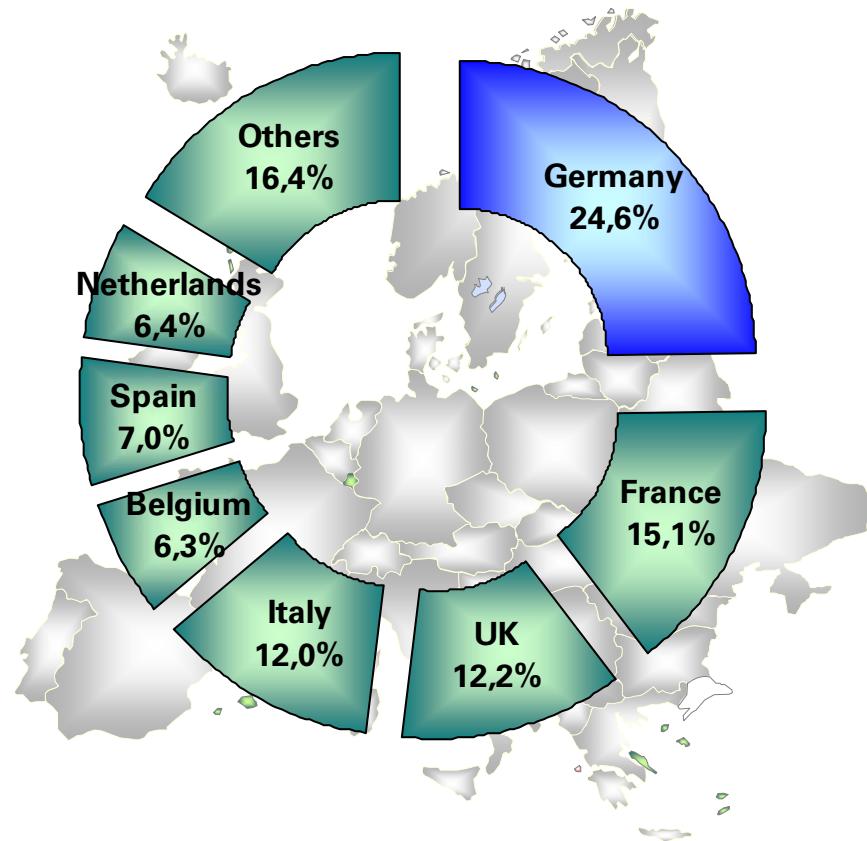


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Germany is the most important Chemical Producer in the EU



The EU chemical market is estimated at €661 billion. The EU chemical industry comprises about 25 000 enterprises.

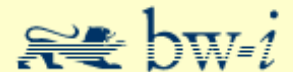
Germany is the most important producer in Europe, accounting for 24.6 % of the EU's chemical production, followed by France with 15.1 %, the UK and Italy with 12 %.

Source: Source: German Association of Chemical Industry / figures from 2006



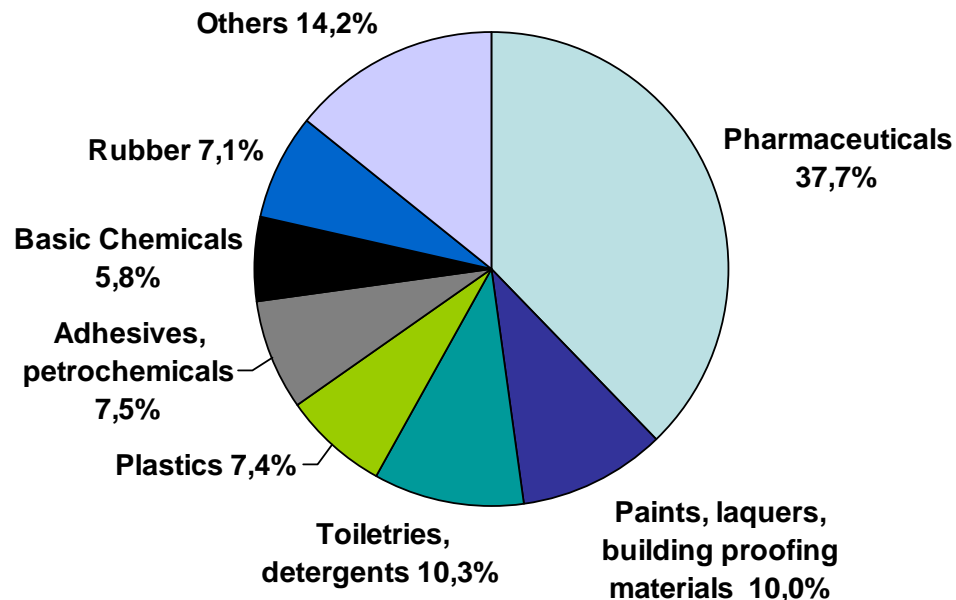
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Chemicals – A dynamic Sector of Baden-Württemberg's Industry

Baden-Württemberg's Chemical Production by Product Type



Baden-Württemberg's chemical industry is highly diversified. It includes a major pharmaceuticals corporation – Hoffmann -La Roche – an international producer of synthetic fibers – Aventis – and a wide range of producers of specialty chemicals.

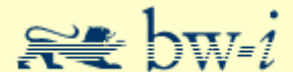
Some examples: Goldschmidt, Rütgers Organics and Zeller + Gmelin, in a wide range of specialty chemicals, Emil Frei in lacquers, Fuchs Petrolub in bio-degradable lubricants, UHU in adhesives and Juvena, in cosmetics.

Source: Baden-Württemberg Chemical Industry Association, figures from 2007



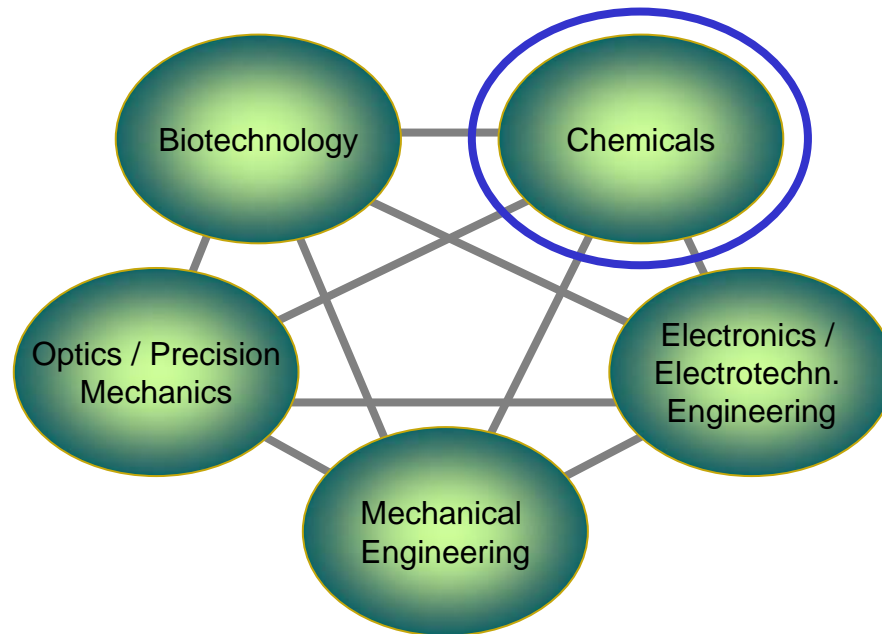
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Chemicals – Part of Baden-Württemberg's Environment Technology

Baden-Württemberg's Environmental Technology Cluster



Environmental Technology is not a clearly defined sector, but a network of different industries.

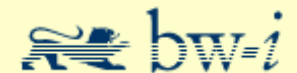
Particularly in Environmental Technology, innovation depends on close cooperation between these different sectors of industry.

In Baden-Württemberg, Chemicals, as well as all other relevant industries, are present in great density – one of the few regions worldwide that offers this advantage.



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Baden-Württemberg's major Chemical Centers



About 90% of all Baden-Württemberg's companies are small or medium-sized. They provide a dense network of local suppliers for other manufacturing companies in all branches.

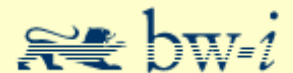
In the chemical industry, more than 462 companies employ a total of 102.600 people. 90 % of the companies have less than 500 employees.

Source: Baden-Württemberg Chemical Industry Association, figures from 2007



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Companies

RUSCH

UHU

DOW

FUCHS

RÜTGERS

sto

Ciba

AKZO NOBEL

Henkel **Teroson**

JohnsonDiversey
Clean is just the beginning

tesa

L'ORÉAL

degussa.
creating essentials

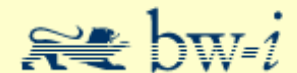
■ GEBERIT

Rhodia
Acetow

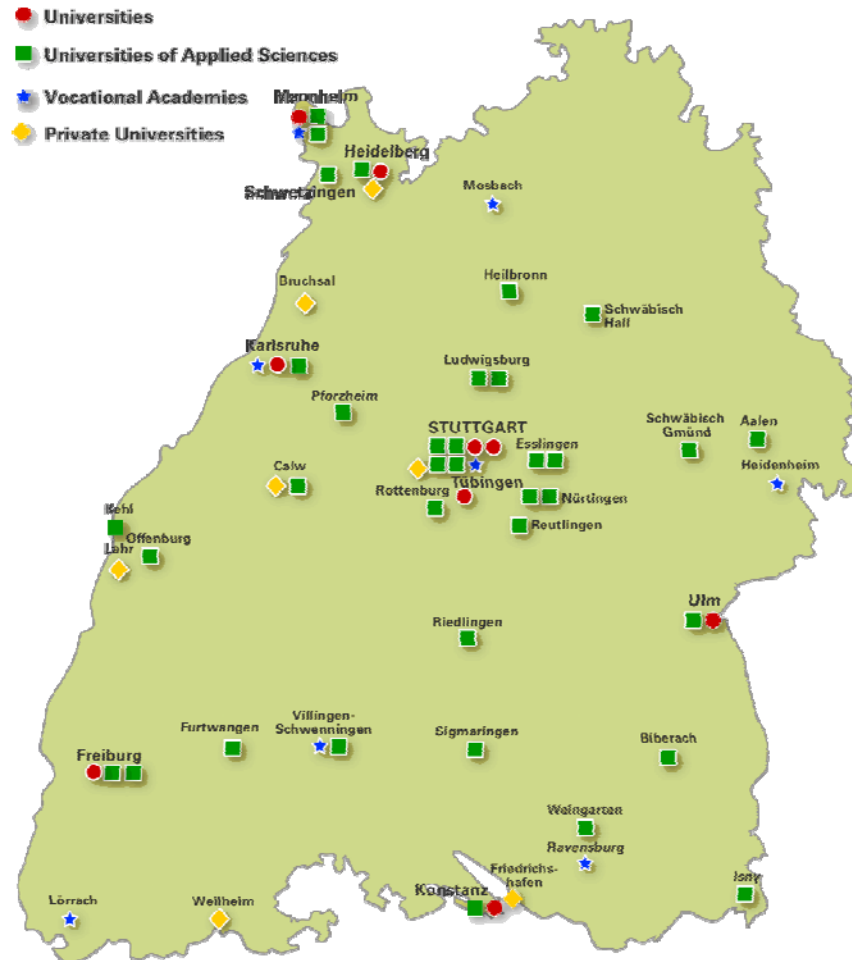


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Baden-Württemberg – An excellent structure for higher education



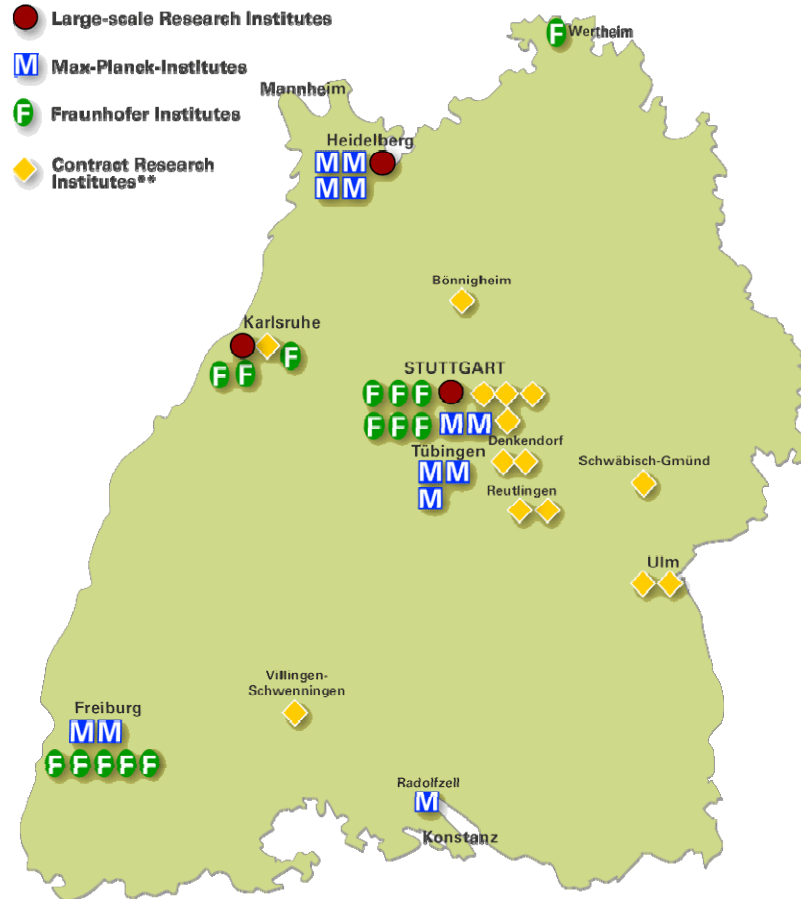
Baden-Württemberg has the most densest and the most modern structure of Universities and Academies for higher education, including

- 9 Universities
- 36 Universities of Applied Sciences
- 6 Universities of Education
- 8 Universities of Arts
- 8 Vocational Academies
- 7 Private Universities

A network of technology transfer centers provides the bridge between private industry and research institutes and guarantees rapid access to new results.



Baden-Württemberg – A highly developed Research Infrastructure



The State provides a unique research infrastructure consisting of

- 3 Large-scale research institutes
- 12 Max-Planck-Institutes
- 15 Fraunhofer Institutes
- 13 Contract research institutes



Baden-Württemberg – Good access to the East and the West

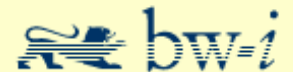


Distance	in km	flight time
Athens	1677	3hrs/40
Berlin	512	1hr/10
Brussels	416	1hr/5
Budapest	749	1hr/20
Copenhagen	802	1hr/40
Helsinki	1621	2hrs/40
Istanbul	1776	4hrs
Lisbon	1841	2hrs/10
London	727	1hr/50
Madrid	1378	2hrs/20
Milan	369	1hr/5
Moscow	2067	5hrs/10
Paris	502	1hr/20
Prague	408	1hr
Rome	808	1hr/35



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Baden-Württemberg Companies benefit from 5 Key Success Factors

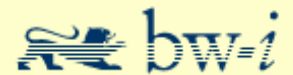
By deciding on Baden-Württemberg as the focal point of their European activities, chemical companies benefit from:

- (1) Excellent research infrastructure providing optimal cooperation possibilities
- (2) Highly qualified and motivated personnel
- (3) A location in the most attractive European market
- (4) Easy access to other Western, Central and Eastern European markets
- (5) A dense network of suppliers and customers in their own and other sectors.



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Baden-Württemberg Facts & Figures

Population	10.7 million inhabitants
Gross domestic product (GDP)	Euro 353 billion
Expenditure on R&D	Euro 13.7 billion = 4,2% of the State's GDP
Patent applications per year	> 13 638 = 28,5% of German total
Number of manufacturing plants (with more than 50 employees)	4 500
Export quota (manufactured products)	51 %
Value of exports	Euro 150 billion = 1.8 % of the World's exports
Research facilities	> 100 major research institutes
University, technical and vocational college students	242 938



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Services provided by Baden-Württemberg International

Baden-Württemberg International is your central port of call if you are looking for a location or a Baden-Württemberg partner with whom to establish fruitful business relations. Our range of services includes:

When you are looking for an industrial location:

- Information on Baden-Württemberg and on individual industrial sites.
- Consulting on government subsidies and programs.
- Assistance with all contacts to authorities, including permit procedures.
- Support in the search for suppliers and the selection of service companies.

When you are looking for cooperation partners:

- Information on market potential and market specifics.
- Planning of information visits, including appointment scheduling.
- Identification of potential partners that meet your specific demands.
- Assistance with trade fair activities in Baden-Württemberg.

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Baden-Württemberg International The logo for Baden-Württemberg International, consisting of a stylized blue and white graphic followed by the lowercase letters 'bw-i' in a blue serif font.