



## PRESS RELEASE



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### **SOLVAY, SIBUR SIGN JOIN VENTURE AGREEMENT TO BUILD RUSSIA'S FIRST WORLD-SCALE VINYLS PRODUCTION PLANT**

#### *State-of-the art technology for a fast-growing market*

Solvay and SolVin, the joint subsidiary of Solvay and BASF for vinyls in Europe, announce today that they have signed a joint venture agreement with Sibur LLC, an affiliate of Gazprom to build Russia's first world-scale, fully integrated vinyls plant in Kstovo, in the Nizhny Novgorod region.

Pending relevant regulatory clearance and the realization of appropriate infrastructure works, the production site is scheduled to be operational in 2010. It will require a total investment of EUR 650 million for the establishment of a total annual capacity of 330 kilotons of vinyls resin and 225 kilotons of caustic soda. The operation will serve the fast growing markets in the Commonwealth of Independent States (CIS) and is designed to accommodate a possible expansion bringing total capacity to 510 kilotons of vinyl resin and 335 kilotons of caustic soda.

The plant will be supplied with ethylene delivered from the cracker owned by Sibur in Kstovo. The cracker will be expanded by our Russian partner to meet the plant requirements as well as its own internal needs.

To implement their agreement, SolVin and Sibur Holding will create a joint venture company, RusVinyl, of which each partner will hold 50%. In addition, SolVin has entered into talks with the European Bank for Reconstruction and Development, aiming at a possible EBRD involvement in the project.

The project benefits from the support of the authorities of the Nizhny Novgorod Region.

Solvay is already present in Russia, through its own activities employing more than 600 people locally as well as through a number of industrial and research partnerships.

"Solvay is implementing a strategy of sustainable and profitable growth which includes geographical expansion into fast-growing markets; this vinyls project in the Nizhny Novgorod region marks a substantial step in that process," said Jacques van Rijckevorsel, Member of the Executive Committee and General Manager of the Plastics Sector, Solvay.

"Solvay will license its best available technology to this plant, with low energy and feedstock consumption; minimum emissions and effluents, and optimum safety and working conditions. The plant will abide by the most stringent international and Russian environmental standards, thereby contributing to the sustainable development of the vinyls industry in Russia," added Jacques van Rijckevorsel.

"This project is an important step forward for Solvin. BASF is pleased that its cooperation with Solvay in vinyls is now extended to Russia," said Dr. John Feldmann, Member of the Board of Executive Directors of BASF and responsible for Plastics as well as Oil and Gas.

"Solvay has a unique experience in construction and operation of PVC production in Western Europe, South America and South-East Asia. Implementation of high-tech standards, in particular in the sphere of environmental protection, will allow to strengthen our leading position in the Russian market and to create additional value for the shareholders.", - SIBUR LLC President Dmitry Konov said.

**SIBUR Group ([www.sibur-holding.com](http://www.sibur-holding.com))** is Russian largest vertically-integrated petrochemical holding. GAZPROM Group holds the controlling stake of SIBUR Holding JSC. The sole executive powers were transferred and are performed by the management company SIBUR LLC.

The corporate center has 3 business units formed on the basis of similarity of the production processes and products. SIBUR also incorporates subholdings SIBUR-Russian Tyres JSC and SIBUR – Mineral Fertilizers JSC, which formerly were the business units.

**SolVin** combines the competences of Solvay and BASF in the European vinyls sector. The synergies achieved in know-how and organization, the complementarities of product ranges as well as upstream integration have built up SolVin as a leader on the PVC and PVDC markets. The joint venture has operations in France, Germany, Spain and the Benelux countries and a total annual production capacity of 1.3 million tons of PVC, with nearly 2000 employees. Solvay owns 75% of SolVin and BASF, 25%. For further information, visit [www.solvinpvc.com](http://www.solvinpvc.com).

**BASF** is the world's leading chemical company: The Chemical Company. Its portfolio ranges from chemicals, plastics, performance products, agricultural products and fine chemicals to crude oil and natural gas. BASF has approximately 95,000 employees and posted sales of €2.6 billion in 2006. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA), New York (BF) and Zurich (AN). Further information on BASF is available on the Internet at [www.basf.com](http://www.basf.com).

**SOLVAY** is an international chemical and pharmaceutical Group with headquarters in Brussels. It employs some 29,000 people in 50 countries. In 2006, its consolidated sales amounted to EUR 9.4 billion, generated by its three sectors of activity: Chemicals, Plastics and Pharmaceuticals. Solvay (Euronext : SOLB.BE - Bloomberg: SOLB.BB - Reuters: SOLBt.BR) is listed on the Euronext stock exchange in Brussels. Details are available at [www.solvay.com](http://www.solvay.com)

### **NOTES TO THE EDITORS:**

The Solvay group is one of the world's **leading vinyls producer**, ranking second in Europe and third globally. In addition to SolVin in Europe, the Group's activities in polyvinyl chloride (PVC) and other products of the vinyl chain span across Asia and Latin America, through the affiliates Vinythai in Thailand and Solvay Indupa in Argentina and Brazil.

**PVC** or polyvinyl chloride, is a thermoplastic material derived from crude petroleum and salt. It is obtained by the polymerization of vinyl chloride (VC). PVC has a wide variety of applications in many sectors: Automotive, Construction, Chemical Industry, Consumer goods, Electrical equipment, Medical devices, Packaging, Water transport and environmental applications. The material's most outstanding properties include:

- Stability: PVC is used extensively in membranes where resistance to weathering is a priority.
- Versatility: PVC can be rigid or flexible.
- Fire protection: PVC resists ignition thanks to its chlorine content.
- Longevity: PVC products can last up to 100 years in many applications.
- Hygiene: PVC is the material of choice for many medical applications.
- Protection: PVC can be made impervious to liquids, gases and vapors.
- Resource efficiency: Only 43% of PVC's content is derived from petroleum (the rest is salt-based).
- Recyclability: PVC is very recyclable, thanks to Solvay's proprietary Vinyloop® technology.

**PVC manufacturing** complies with the most rigorous regulations regarding safety and the environment, including the "Best Available Technology for PVC production" adopted unanimously by all 25 member countries of the Commission for Protection of the North Sea and the Atlantic (OSPARCOM), applicable since 2003.

**Vinyl production capacity** on the **Kstovo** plant would be split as follows: 300 k/tons of polyvinyl chloride suspension (S-PVC), 30 k/tons of emulsion polyvinyl chloride resin (E-PVC), and 225 k/tons of caustic soda. A possible expansion would add a capacity of 150 k/tons of S-PVC, 30 k/tons of E-PVC and 110 k/tons of caustic soda per year, by 2014.

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