

For LANXESS, Innovation Begins in Canada



A.J. (Sandy) Marshall,
President and Managing Director, LANXESS (Canada) Inc.

"LANXESS IS A SUCCESSFUL, GLOBAL COMPANY that knows exactly who it is and exactly where it's going," says A.J. (Sandy) Marshall, President and Managing Director for LANXESS Inc. in Canada. It's a strong statement, and one that underscores the reasons that LANXESS, a German company that's a leader in specialty chemical and polymers, chose Canada as an investment destination, citing its enviable mix of advantages that support the plastics and chemicals sector.

Although few people may recognize the company's name, LANXESS products are part of everyday life for people around the world. The company's products are used in everything from chewing gum and fuel-efficient tires to medical equipment, solar panels and water purifiers. Chances are, most Canadians will touch a product enhanced by LANXESS technology today.

Sustainability is at the heart of LANXESS' production philosophy. The company strives to develop innovative ways to make chemical production safer and more environmentally friendly. It is building unique cogeneration facilities that all but eliminate CO2 emissions and can power its plants with renewable energy sources. It is pioneering waste water management projects that reduce water use by as much as 50% and purify the water used.

Originally part of the chemicals division of the pharmaceutical giant Bayer AG, LANXESS became an independent company in 2005. The company's roots in Canada stretch back to Polymer Corporation, a Crown corporation created in 1942 and featured on the back of Canada's ten-dollar bill during the 1970s. LANXESS is now a global company with more than 14,000 employees worldwide and 2008 annual sales in excess of \$9 billion. The company's Canadian facilities, focused on butyl rubber and the petrochemical industry, have helped make LANXESS a leading player in the global chemical industry. To achieve this, LANXESS AG has invested more than \$200 million in its Canadian facilities since 2005.

"From the beginning, we had to make tough decisions to create our identity," says Sandy Marshall. "We shed under-performing and non-core businesses and concentrated on our strength in specialty chemicals and polymers, including Butyl and high-performance Butadiene rubbers."

In Canada, and in particular the Sarnia area, the two hallmark strengths of the new LANXESS soon emerged as innovation and sustainability—strengths well supported and nurtured by the Canadian business environment.

LANXESS' innovative spirit thrives in Canada, thanks in part to the country's research and development incentives. The company continues to invest heavily in Canadian R&D and partners regularly with Canada's cutting-edge research institutions and world-class universities.

Green Chemistry, a central theme within LANXESS, is also fostered by the Canadian milieu. "In Canada, we believe we are optimally located within a well developed petrochemical infrastructure and have access to a wide variety of readily available biomass and cellulosic raw materials," say Sandy Marshall. The Canadian and provincial governments recognize chemicals from bio sources as an important developing business segment.

Financial support in this area provides a strategic advantage for companies located in Canada. To this end, LANXESS has established Canada's largest Bio-Industrial Park in Sarnia, providing land, energy and infrastructure for the development of new bio-industrial business ventures.

Another advantage for LANXESS is easy access to the U.S., the largest chemical market in the world, with transportation that is within a one-day drive of its Ontario operations. Half of all LANXESS' products manufactured in Sarnia are exported to North and South America.

Highly-skilled workers are another benefit that attracted LANXESS to continue investing in the Canadian market. "We have advantages in Canada with the highly skilled workers who are trained to meet the specific needs of our business. The local colleges and universities are focused on developing these skilled workers as needed," says Sandy Marshall.

"Our goal is sustainable growth that is good for the environment, good for society and good for stakeholders," Sandy Marshall sums up. "Canada is an optimal location to achieve our goals."