

# News Release



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International Press Conference from BASF and SINOPEC to mark the opening of the Verbund site in Nanjing, China

## **BASF and SINOPEC: Successful partners combining strengths**

Speech by Dr. Andreas Kreimeyer, Member of the Board of Executive Directors of BASF Aktiengesellschaft, Ludwigshafen, responsible for Asia

### **The spoken word applies!**

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Ladies and Gentlemen,

Today is a memorable day in BASF's history. We are very proud to be here in Nanjing today to celebrate the opening of our new Verbund site.

Our joint project BASF-YPC Co. Ltd. is a tremendous success. It realizes strong synergies, combining the individual strengths of the partners SINOPEC and BASF.

Our joint venture is based on our strong relationship, a relationship that has flourished and grown stronger since the start of the joint venture.

Following the smooth and successful start-up, BASF and Sinopec will invest in additional downstream plants and the expansion of the capacity of the steam cracker at their joint venture site in Nanjing to further strengthen the Verbund synergies at the site. The fact that we plan to expand the project here in Nanjing emphasizes the strength of our partnership.

These are very exciting developments, but please allow me to talk about the journey we have taken until today. We can look back at many successful steps we have taken together with our partner on this memorable journey.

And I would like to add: There is no better way to travel to success than with a strong partner at your side, complementing each other's strengths and expertise.

When we signed our joint venture agreement in June 2000, we agreed on our ambitious goal: the opening of our site in Nanjing in five years time. And in fact, only one year later, September 28, 2001, we were able to celebrate the groundbreaking ceremony.

By the end of 2004, the construction of the steam cracker and all the nine plants was completed and the first plant started commercial production. In January 2005, we delivered the first product to our customer. And in June this year the entire Verbund site successfully began commercial production as planned.

That we successfully accomplished a project on such a large scale is due in particular to the tremendous efforts of our employees here, our partners, and of course thanks to the support of the Chinese and German governments. I would like to wholeheartedly thank all those involved for their outstanding work. In particular, I would like to thank Li Chengfeng and my colleague Bernd Blumenberg, who both did a tremendous job during the construction phase. And of course I would like to emphasize once again: This success is the fruit of our strong and vital partnership with SINOPEC.

Our integrated production site in Nanjing is the heart of BASF's Chinese Verbund network and the biggest single investment in the 140 years of our company's history.

China's importance as BASF's key market in Asia is increasing. In 2004, Greater China, which includes Taiwan and Hong Kong, represented 36 percent of our business in Asia and five percent of our global business. By 2015, we expect that Greater China will represent almost 50 percent of our Asian business.

At BASF we have four ambitious targets for Asia and for China in particular:

1. We aim to achieve 20 percent of our global sales and earnings in our chemical activities in Asia by 2010, with China contributing one half of our Asian business.

2. We plan to build a local manufacturing base to secure 70 percent of regional sales.
3. We strive to strengthen our position as one of the top five suppliers in our strategically relevant markets and
4. We want to form the best team in industry.

We admire and value China's tradition and culture. Therefore, it is all the more important to commit ourselves to this country with a long-term perspective, and establish a lasting friendship for the future.

The opening of our Verbund site is a further landmark in our close ties – with China and the entire Asian region. BASF started its operations in Asia in 1885 with the sale of indigo dyes in China. Since then, we have continuously strengthened our relationships in the region.

We want to shape the future of Asia with our chemistry. The future needs innovation and the best technology. That is why we built the most modern plants and use the latest processes here at BASF-YPC.

As a result, our production is especially reliable and efficient. However, it is also more than that. It also enables us to save resources and reduce the burden on the environment. And we provide pioneering health and safety standards. In this way, we can create excellent working conditions and be an attractive employer as well as making a positive contribution to the local economy.

China is a country in transition. It is taking giant steps toward its future as a modern industrialized country. The major endeavors to push forward these changes deserve our highest respect. We want to contribute to the development of modern China, in particular the modernization of the chemical industry. And we want to set a good example.

For us, our Nanjing site symbolizes communication and cooperation – a Verbund site that was created by a Verbund of many people who combined their diverse skills and knowledge to pursue a common goal.

Ladies and gentlemen, from the very first step to today's opening celebration the journey of our joint venture has been very successful. We could only achieve this together with our Chinese partners – first of all our business partner SINOPEC, but also the authorities and a great number of very talented, well informed, highly motivated and very helpful people in this country.

And as we announced today, this journey will continue our joint journey to success will continue and enable us to shape the future for the benefit of all.