

Industry event highlights market trends and challenges

Suppliers and customers of the global polyurethanes industry gathered at UTECH Europe 2009 earlier this year. Supply security and product differentiation were hot topics of discussion among the many customers that visited the Shell Chemicals hospitality suite.

Over the course of the three-day event, held at Maastricht in the Netherlands, around 2,800 visitors came to view the products and services of 140 exhibitors.

Despite current industry conditions and constrained travel budgets the Shell Chemicals stand saw a packed agenda of over 100 meetings with existing and new customers from all regions of the world.

"UTECH is a rare opportunity to meet with senior management contacts from many of our leading customers," says Kalyan Ram Madabhushi, Propylene Oxide-Derivatives Commercial Manager for Europe/Africa/Middle East.

"We try to use this time to discuss strategic issues rather than for commercial negotiations. These discussions give us valuable feedback on the key technical and marketing drivers in different applications and sectors, and where we have a role in helping customers overcome challenges," he says.

A hard competitive environment has put greater emphasis on the need for product differentiation, especially in the areas of low-VOC and visco-elastic foams, and created a trend towards higher value products. "This is most noticeable in established markets, but the desire to raise foam quality is across the board.

"Our technical people spent a lot of time discussing polyol selection for new formulation development or process machinery."

The global financial crisis has also raised concerns for polyol supply security. "Some customers have seen supplies cut as a result of the economic pressures on producers," he says. "They were appreciative of the stability Shell has provided, the fact we have not made knee-jerk reactions to market conditions, and the importance we have always placed on sound finances underpinning commercial deals."

Opinions on the outlook for the industry varied between markets and sectors. "In Europe, downturns in automotive and construction industries have had a major impact although the comfort and bedding sectors have been more stable, while players in CASE applications were more confident of a return to growth," he says.

UTECH provides an opportunity to engage with senior management of customers, and to discuss strategic issues and challenges for their business.

"There was also optimism from Africa and the Middle East where the global recession has had less effect and where there is still a lot of potential and motivation to grow the polyurethanes industry."

Another concern voiced by customers was the increasing downstream activity of other polyols producers. "Because of our strategy to focus on the supply of base materials, we are not a competitive threat to customers in polyurethanes applications."

He says UTECH provides an ideal platform for identifying opportunities for optimising the CARADOL range of polyols, while targeting technical support to emerging trends.

"Our growth ambitions can only be realised by continuing to serve and support our customers, regardless of the current climate, as they seek to improve products and develop new markets."

For more information on CARADOL polyols please visit:
shell.com/chemicals/caradol

For more information on UTECH please visit: www.utecheurope.nl

