

APCS Show Daily

Day 1, June 23, 2010

Asia Pacific Coatings Show 2010

Global coatings hit Jakarta



Welcome exhibitors and visitors to Jakarta! This is the first time the Asia Pacific Coatings Show (APCS) has visited Indonesia and with such a fantastic turnout of both international and local exhibitors, we are pleased to know we have the industry's full support. Over the next few days, visitors will enjoy the latest offerings from the global chemicals, raw materials, test equipment and plant and machinery suppliers for the paint and coatings industry. With big plans for infrastructure, strong domestic demand and continued government investment, we are confident that Indonesia is an exciting place to be with tremendous economic and business potential.

THIRST FOR R&D

To satisfy the industry's appetite for innovation, a technical conference will feature alongside the exhibition, entitled 'Exploring Innovations for Future Coatings and Raw Materials.' The conference has been organised by our friends at the Coatings Research Institute (CoRI). If you have not booked your seat already, places are still available on-site. A selection of free-of-charge business presentations will also be taking place on the show floor today and tomorrow. Please visit the organiser's office for more information on either of these events.

MARKET BOUNCES BACK

According to a report in *The Jakarta Post*, earlier this year, World Bank economist Timothy Bulman stated that Jakarta's economy was considered ready to return to the boom conditions experienced before the

1998 Asian crisis, which was between 7 and 8%. The World Bank estimates that growth this year will be around 5-6% as exports increase and the economy bounces back from the minor impact of the recession.

Speaking on why Indonesia was chosen as the next market for APCS 2010, Jeff Montgomery, group sales manager, The Coatings Group, commented: "Indonesia is a brand new destination for the Asia Pacific Coatings Show 2010 and one of the few countries in Asia which has emerged from the global recession ahead of schedule. Indonesia's strong domestic consumption will provide excellent opportunities for transference of technologies, together with new challenges for everyone, to further develop new business in this exciting region, by creating long-term partnerships."

ABOUT US

APCS 2010 is organised by The Coatings Group at Quartz Business Media, publisher of the leading publications in the coatings industry: *Asia Pacific Coatings Journal* (APCJ) and *Polymers Paint Colour Journal* (PPCJ).

Exhibition opening times are:

- Wednesday, June 23: 10:00–17:00
- Thursday, June 24: 10:00–16:00

A list of exhibitors, a floorplan and more can be enjoyed in this Show Daily, as well as in your free edition of APCJ April/May, which contains the Exhibitor Catalogue.

We wish you a successful and prosperous time at APCS 2010. For more details on our other events, visit: www.coatingsgroup.com or speak to Jeff Montgomery on the Coatings Group stand (H1).



Ian Faux
Vice President
The Coatings Group

Economic growth boosts Indonesian paint and coatings market

The Indonesian paint market is expanding both locally and globally with the increase of government investment into building and infrastructure and the demand for higher quality products

As Indonesia's economy continues to grow, so too does demand for paint and coatings in the region. In 2008, the archipelago recorded a 6.1% increase in gross domestic product (GDP), moving from a GDP per capita of US\$3700 in 2007 to US\$3900 the following year (using purchasing power parity adjustments). With this growth, the nation has seen an improvement in local transport and energy networks – which require paints and coatings.

"Growth is expected to continue as the Indonesian government focuses on upgrading and building a new infrastructure," said Frost & Sullivan market analyst Sheila Rajah. According to Frost & Sullivan's research, the country's paint and coating market is valued at US\$1bn with a market size of 639,128t. Although the outlook is positive, paint consumption per capita is currently at 2.8kg per person, "which is well below the [average] Asia level of 4-4.5kg per person," added Rajah.

Despite this growing industrial demand, Indonesia's largest market sector is decorative coatings. Industry player Jotun Indonesia concentrates on this segment along with marine and protective coatings. "We sell approximately one-third [of our paint] into the marine market, one-third into the protective market and one-third to the decorative market," said Bjorn Abraham Bache, president director of PT Jotun Indonesia. "The decorative market holds the biggest potential for us, since we are still small with approximately 3% of the market share [in this segment]."

According to Bache, Jotun is the market leader in marine

coatings and holds the number two position in the protective arena. In 2009, the company introduced two new decorative products: Gardex, a premium gloss paint for interior use on wood and metal; and Jotashield Extreme, a high-end exterior paint. The company's new line-up is in sync with the current trend of increased market demand for premium and mid-tier products.

"Growth is expected to continue as the Indonesian government focuses on upgrading and building a new infrastructure"

"Decorative coatings account for 60% of the industry value and 80% of the volume," said Rajah. The segment is showing high growth potential, while industrial paints – mainly wood coatings, automotive original equipment manufacturing (OEM) and refinish coatings – have felt the strain of the economic downturn. "90% of wood finishing material is exported to Western countries," she said. "Growth is currently hampered by the drop in demand from the USA and Europe. Similarly, the automotive OEM coating sector is also predicted to move faster in the coming years after the automotive industry recovers from the economic slump."

Following the global trend, Indonesia has seen tighter environmental controls in recent years which, according to Bache, have influenced the market in a positive way.

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ASIAN NEWS

Indian paint and varnish manufacturer **Kansai Nerolac Paints** has said it will invest Rs4bn (US\$88M) in the next two years for the second phase of expansion of its Hosur facility in Tamil Nadu.

"The company's board has approved to invest Rs4bn for the second phase of its Hosur facility, which would lead to the company's overall capacity increasing by 35%," said Kansai Nerolac Paints managing director H M Bharuka.

After the expansion, the company's overall capacity will increase to 280,000t/yr from the current 200,000t/yr. It has already invested Rs1bn in the first phase of its Hosur plant, which started production in January this year.

Source: The Hindustan Times/CUBE 458

Sumitomo Chemical has completed the construction of its new facility for the production of resorcinol at its Oita works, taking its overall resorcinol output capacity, including that at its Chiba works, to 30,000t/yr, or about half the global demand.

The Tokyo-based company began building the facility, which entailed an investment of ¥10bn (US\$108M), in January 2009. With 85% of the resorcinol that it makes at Chiba currently sold in export markets and growth in demand forecast to continue in China, India

and Southeast Asia, the Oita output will likely be sold overseas, and Sumitomo said it might consider setting up an offshore production base as early as 2015.

About half of global demand for resorcinol is to make adhesives for tyres. Its other application areas include wood adhesives; ultraviolet absorbers; pharmaceutical and agricultural chemicals and functional resins and pigments.

Source: Japan Chemical Web/CUBE 458

Kuala Lumpur-based

CRS Technologies Sdn Bhd

has entered into an exclusive distribution agreement with Cereplast, a leading manufacturer of proprietary bio-based sustainable plastics, to supply bioplastic resins in Malaysia.

Under the agreement, CRS Technologies will utilise both Cereplast Compostables and Hybrids resins in its manufacturing process for customers throughout Malaysia. All Cereplast resins replace a significant percentage of petroleum-based additives with starches made out of corn, wheat, tapioca and potatoes or Ingeo PLA, allowing bioplastics to return back to nature within 180 days of disposal for the Compostables or offering a more sustainable alternative with Hybrids resins for durable applications.

Asian Paints has announced the commencement of commercial production at its new paint manufacturing facility in Rohtak, Haryana, India. The plant has an initial capacity of 150,000klit/yr and can be scaled to 400,000klit/yr in future expansions.

The state-of-the-art facility has been commissioned on schedule. The plant has been set up at a project cost of approximately Rs500 crores (US\$110M) for the initial 150,000klit/yr capacity, including land. The Rohtak plant has been built to exacting and contemporary environment, health and safety standards.

Netsch Fine Particle Technology LLC and SPX Corporation signed a definitive agreement on April 30, under which Netsch acquired the Premier Mill business of SPX.

Premier Mill is a well-known brand of grinding and dispersing equipment. From May 3, the combined products and services of Netsch and Premier Mill became available under the new company name, Netsch Premier Technologies LLC.

Premier Mill's product line is a strategic addition to Netsch's existing portfolio of grinding, dispersing, mixing and deaerating equipment. This equipment is ideal for processing coatings, inks and pigments, among other products.

Ashland Performance Materials recently launched the availability of its full line of high-performance Enguard gelcoats for India at a special customer event in Pune City. The event was attended by approximately 50 business associates and customers from the western region of India.

The Enguard brand includes gelcoats, topcoats and colour pastes, and services many market segments including shipbuilding, light and heavy vehicle transportation and residential building and construction. It also features new technology for cast marble applications. Enguard gelcoats are fast curing and formulated with good hydrolysis resistance, UV light stability and fire retardant properties.

Evonik Industries, one of the world's leading providers of methacrylate chemicals, has expanded production at its new site in Shanghai, China, to 25,000t as part of overhauling its methacrylic acid manufacture. The expanded facility became operational in May and provides additional quantities of GMAA to meet growing demand.

Evonik Industries produces and markets MMA, GMAA, n- and i-BMA, hydroxy methacrylates, and other speciality methacrylates under the Visiomer trademark.

Epoxy – a business unit of **The Dow Chemical Company** – increased the price of its liquid, solid, solid solution epoxy resins, standard brominated epoxy resins and other epoxy products (including speciality epoxy resins) by US\$300/t in Asia Pacific (excluding Japan) from May 1. It cited the continued escalation of raw materials costs as the reason for the price rise.

Boost for Indonesian paint and coatings market

...CONTINUED FROM COVER

"[There is] more focus on the production process and waste management," he said, adding: "This opens up the market for new products like Jotashield Extreme." Jotashield's formula can reduce the temperature of the building by about 5°C – a welcome feature in a country where the average temperature in Jakarta is in the late 20s to early 30s in degrees Celsius all year round (about 85°F).

POLITICS

As Indonesia's political and economic climate becomes more stable, there has been increased foreign direct investment (FDI) into the region, which is boosting paint and coating sales directly and indirectly.

According to an October 2009 article featured in *The Jakarta Post*: "In 2008 there were 1029 FDI projects with a realised investment value of US\$14.2bn, while there were only 210 domestic direct investment projects with a value of around US\$1.7bn (excluding investment in the oil and gas and financial sectors)."

The government has implemented a number of regulations since 2007 to make Indonesia more attractive to foreign investors – however, despite this, the country still lags behind neighbouring nations.

In July 2009, USA-based Evercrete successfully entered the Indonesian market through a partnership with local coatings



Bursting with colour: traditional Indonesian opera

specialist PT Multicoat Prima Abadi. Otto Dwiyanto, PT Multicoat Prima Abadi's representative, believes the company has had a strong year and agrees that there has been an increase in demand for quality products. "I would say that the demand for high-quality coatings has risen tremendously recently."

He said he believed companies were foregoing cheaper solutions that require more maintenance for more durable coating types. According to Dwiyanto, the chemical, food, construction, oil and gas and marine industries have increased demand for coatings.

EXPORTS ON THE UP

As well as expanding locally, Indonesian companies are increasing their exports. "Indonesia is now

looking to export into other emerging markets such as the Middle East and some African nations," said Rajah. "Export goods include furniture and construction materials, which directly impact the respective coating sales," she added.

In the paint and coatings industry, Indonesia still falls behind other countries in the region but it is showing strong signs of improvement. Consumer confidence as well as the confidence of companies involved in the paint industry is on the rise. A February 2009 report by Frost & Sullivan tagged the nation to be the "fastest growing paint market in Asia over the next two to three years."

AkzoNobel to add plant at Ningbo

AkzoNobel is to build an additional plant at its Ningbo multi-site for its Functional Chemicals business. The new €17M project – part of a total investment of €275M – will further expand the company's rapidly growing organic peroxides activities.

Production of chelates has already started at the location, while new ethylene amines and ethylene oxide factories are also due to come on stream later this year. The unit is expected to be operational in late 2011.

"This latest addition to our

Ningbo site will enable us to better serve our growing customer base in the region," said Rob Frohn, the AkzoNobel board member responsible for speciality chemicals. "China in particular is fundamental to AkzoNobel's strategy in high-growth markets and Ningbo has a key role to play in our plans for speciality chemicals."

The new organic peroxides plant will produce Perkadox 14 (used for different types of rubber and thermoplastics) and Trigonox 101 (used for rheology control of polypropylene and

synthetic rubbers). These are used in industries such as automotive, building and construction, as well as for durable goods. Demand for both products is rapidly increasing, especially in Asia.

Added Frohn: "We appreciate the continued support of the Ningbo government and the local authorities, which has been vital in helping us to realise our expansion plans."

The formal inauguration of the Ningbo site – which occupies a 50-hectare plot – will take place in November this year.

Malaysia-based tinting company **Farben Technique** is planning major expansion into international markets including the Middle East and South America through various trade shows. The company has been certified ISO 9001:2000 since 2002 and will be enhancing its quality management through implementation of ISO 9001:2008 in 2010.

At APCS 2010, Farben will be launching new and further improved in-plant tinters; Orange PO735, Red PR2541, Red PR1681, Orange PO4301 and Yellow PY1385 will provide paint factories with competitive and quality alternatives. The company is also exhibiting Universal colourants for automatic tinting machines alongside Standard and High Performance Series in-plant tinters. For more information, please visit **Stand 26**.

PT Justus Sakti Raya is an ISO 9001:2000 certified chemical manufacturer that supplies Yukalac (unsaturated polyester resins for various applications), Yukalic (paint driers, used in all types of coatings as industrial additives) and Yukashu (polymer emulsion for emulsion paints and adhesives). The group also manufactures maleic anhydride and fumaric acid, which are primarily used in resin production. For more information, please visit **Stand D9**.

Pigment pastes from **PT Mata Pelangi Chemindo (Matapel Chemicals)** are solvent-free, clean shade, high chroma, environmentally friendly, high brightness, high gloss, are easy to mix by simply stirring the resin and have fine dispersion, zero volatile organic compounds, maximum dispersion and broad compatibility. For more information, please visit **Stand A8**.



Asia Pacific Coatings Show 2011

Marina Bay Sands, Singapore, 14 – 15 September 2011

THE LEADING COATINGS EVENT IN SOUTH EAST ASIA & THE PACIFIC RIM



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