

In Brief

Phosphine start-up

Special Materials of the US has started up a commercial-scale unit at its Changshu New Tech joint venture in China's Jiangsu province. This will use proprietary technology to supply alkyl phosphines for metal extraction, catalysts, electronic materials and pharmaceutical intermediates, potentially promoting the greater use of difficult to procure reagents and new processes. The site also produces 12,000 tonnes/year of sodium hypophosphite, hypophosphorus acid and salts, and phosphonium salts.

Brothers in arms

Following on from a successful two-year joint venture, Italy's Essec, a major manufacturer of sulphur-based materials for oilfield, pulp and paper, agricultural and water treatment uses, has acquired Brotherton Speciality Products of Wakefield, UK, which supplies the surface coating, food, oil exploration, pharmaceuticals and transport industries, from Church & Dwight of New Jersey. Brotherton currently employs 50 and has a turnover of almost €18 million/year, 40% of which is exported.

Reaxis emerges after MBO

Goldschmidt Industrial Chemical, formerly a subsidiary of Evonik based in McDonald, Pennsylvania, has changed its name to Reaxis following a management buy-out. It will also rename the Tegokat product line Reaxis. The firm makes catalysts for the production and processing of polymers, coatings, elastomers, sealants and adhesives, plus a line of chemicals for surface finishing applications.

Tosoh invests in Japan

Tosoh, which is Asia's sole maker of ethyleneamines, is to invest about €125 million to increase capacity at its Nanyo Complex in Yamaguchi, Japan, by 68% to 89,000 tonnes/year in two stages from now until to March 2010 and thence to March 2012. Ethyleneamines are used, among other things, in wet strength resins for paper, chelates and pharmaceutical and agrochemical intermediates. Tosoh's current capacity is sold out and Asian demand is growing by 5%/year.

Hovione buys first site in China

PORTUGAL/CHINA

Independent Portuguese APIs producer Hovione has bought 75% of Hisyn Pharmaceutical in China's Zhejiang province, which had been supplying it with intermediates for some time. This transaction is already operational after the Zhejiang authorities issued the necessary business licence.

With this buy come development laboratories in Shanghai and a 22,000 m² API facility on a nine-hectare plot, employing 181. Hovione will produce its two largest volume products there. The company said that the deal gives it "additional drug substance manufacturing production capacity and strengthens its 20-year presence in China". Further expansion to double capacity at the site is planned for 2008.

Hovione has actually been active in China since 1979, originally sourcing raw materials in Guangdong province for its GMP sites in Portugal and - increasingly in recent years - in the former Portuguese colony of Macau near Guangzhou. The latter has now been operational for over ten years and has built up a number of contract manufacturing relationships in China.



Reactor at Hovione's main facility in Portugal

"For many years we felt we'd be better off being an important client of Chinese plants through contract manufacturing deals, because at that time there many JVs going very wrong. Now is the right time for Hovione to acquire infrastructure in China and tap into a growing market and leverage China's manufacturing abilities," commented Luis Gomes, who will oversee the integration process.

CFO Miguel Calado added that Hisyn "represents an opportunity to both increase our manufacturing capacity and ensure a sustainable cost advantage. We find it important to provide our current customers with an assurance of competitive supply over the long run. In addition, we want to have a strong presence in new markets, such as Brazil, India and China, where price is decisive," he said.

Materia, Cargill in renewables alliance

US

Materia, the California Institute of Technology spin-off that commercialises olefin metathesis catalyst technology developed by Nobel laureate Professor Robert Grubbs and co-workers, has joined with food and agriculture giant Cargill to form and finance a new firm to promote technology they have jointly developed.

Elevance Renewable Sciences, which has received over €25 million in venture capital from TPG Star, TPG Biotechnology Partners and others, will apply Materia technology to cheap renewable oils, such as soy, canola and corn, for applications in speciality chemicals. It expects to generate over €600 million in sales by 2016.

Elevance already produces commercial-grade waxes, some of which



are sold world-wide under the NatureWax brand. Plans are to expand into functional oils and antimicrobials in the near future, then to lubricants, additives and other chemicals. It will seek partnerships for the development, manufacture and marketing of new products.

Both Cargill and Materia will stay involved as commercial partners and

investors. K'Lynne Johnson, who has been named as CEO, said that the company will offer not a single technology but a broader service that will enable it "to create a wide range of performance-advantaged speciality chemicals based on renewable raw materials that also are friendlier to the environment than the existing crude oil derivatives."