

The Right Chemistry



The industrial cradle of Central Germany provides manufacturers with the critical ingredients of chemistry and plastics that are the life-blood keeping factories around the world humming. From cars and yogurt cups to clean water and solar modules, the building blocks of the petrochemical products required to manufacture these goods increasingly originate from the German Chemical Triangle that includes Saxony-Anhalt.

In 2012, chemical companies accounted for €8bn in total sales volume in Saxony-Anhalt, up about 2 per cent from 2011. Since the early 1990s, investments of €17bn have flown into the physical plants and infrastructure of the chemical manufacturing sector based in this state in the eastern part of Germany.

About 30,000 chemical manufacturing jobs have been created over the past two decades in the German Chemical Triangle, which consists of Saxony-Anhalt, Brandenburg and Saxony. From 1991 to 2011, Saxony-Anhalt alone was the site of 404 new corporate facility projects in the chemicals sector.

In fact, the concept of the 'chemical park' was created in Saxony-Anhalt and was implemented here for the first time as well. 'Our state has provided the impetus for the further development of the chemical industry throughout the world', said Reiner Haseloff, Minister-President of Saxony-Anhalt.

He is not overstating the case. Two of the three largest chemical parks in all of Germany are Leuna and Bitterfeld, both in Saxony-Anhalt. A third – Zeitz Chemical and Industrial Park – is an emerging leader in this sector. Located about 40 kilometers south-west of Leipzig, Zeitz ranks 17th among the 60 chemical parks in Germany by size (232 hectares). Zeitz is also known as the 'Green Chemistry Site'.

Zeitz was originally established in 1937 as Carbon-Hydrification Works of Zeitz. To date, about €350m of industrial plant investment have been built on site; and today the combined annual revenues of the companies operating in the park is about €300m. The 50 companies in Zeitz include 15 manufacturers who employ a combined total of 600 workers. 'The largest chemical parks in Germany have more than 1,000 hectares, but our smaller size allows us to accommodate small to mid-sized companies and family-owned operations', explained Arvid Friebe, divisional director of location development and finances for Zeitz. 'Our tenants tend to be international in origin and scope. Puralube Holding GmbH is an oil recycling company from the USA'.

'Radici Chimica Deutschland GmbH is an Italian manufacturer of acidic material used to produce nylon. Interstarch GmbH is a Ukrainian firm that produces modified or industrial starch from wheat for the chemical and paper industries. We have some smaller operations based here too'.

The Ingredients for Growth

Two Zeitz tenants who are expanding rapidly are Puralube and DEUREX AG. 'Puralube is in the process of setting up a third oil refinery in Zeitz', says Friebe. 'They received their environmental permit at the end of April and all of the financial arrangements have been made by their holding company in Wayne, Pennsylvania. They are planning to invest €50m, create 50 new jobs and increase their total production capacity from 180,000 tonnes to 270,000 tonnes'. The company takes used engine oil, recycles and refines it, and converts it for re-use as long-lasting engine oil. Andreas Schueppel, CEO and managing director of Puralube in Germany, told Site Selection that his company opened its first German refinery in 2004 and now operates two refinery units in Zeitz. 'We decided to invest in our third refinery here', he noted. 'With this investment, we are expanding our capacity by 50 per cent. We are going to build the third plant on the same site and hope to realise as many synergistic effects as possible as a result'.

'Over the last five years, we have increased our revenues by 63 per cent'. Schueppel explained that Saxony-Anhalt 'has a long history with the chemical industry. About 80 years ago, engineers developed a process to liquefy lignite so that they could produce gasoline in Leuna, about 30 kilometers away from Zeitz. In the former GDR, the chemical industry had about 50,000 employees in the southern part of Saxony-Anhalt. After the fall of the Berlin Wall, the chemical industry in this area collapsed and most of the workers became unemployed. But that industry has gradually come back with renewed strength and the people of this region welcome chemical companies like ours to the area'. He added that Puralube has benefitted from government subsidies that help start-ups and expanding firms increase their physical plant space and hire new workers in Saxony-Anhalt. 'We decided to install our first refinery here in order to reduce our own risk', says Schueppel. 'Because we found the perfect infrastructure here at this site, we were able to save capital during the investment phase. This allowed us to focus on our core business. We also have a lot of utility supplier support around us – including hydrogen, steam, natural gas, wastewater disposal, etc... Because of our success here in Saxony-Anhalt, the company is now actively planning to realise its first refinery project in the U.S.'.

Torsten Rodiger, media relations officer for DEUREX AG, revealed that the international supplier of industrial waxes was expanding at the Elsteraue industrial park in the Zeitz Chemical and Industrial Park. 'DEUREX was established in 1989 and since 1999 we have been located in Saxony-Anhalt', he said. 'Our new plant opened here in April and has an output capacity of about 800 tonnes per year of our industrial waxes and oil absorbents'. DEUREX is still a small company but it is growing swiftly. 'Since 1989, we have had a growth rate between 10 and 25 per cent every year', recounted Rodiger. 'Traditionally, Saxony-Anhalt has always been very strong in the chemical industry sector starting with open-pit mining and the petroleum refining industry. Many highly qualified workers and chemists have been trained and have settled here. Since our products – industrial waxes – are originally made of petroleum, Saxony-Anhalt is the perfect location for a chemical company such as DEUREX'.

Doorway to All of Europe

The central location in Europe is a key factor, Rodiger explained. 'Saxony-Anhalt is located in the heart of Europe', he added. 'The major portion of our partners and customers is situated in Europe and we can reach and supply them in very short term. The industrial park here is near the Leipzig-Halle Airport, which is developing as a European air hub. The park has a very good connection to national and European motorways. A lot of forwarding agencies are

established here and they help us deliver our products within very short periods of time'. Zeitz's Friebe notes that tenants are impressed with the resourcefulness of the people of Saxony-Anhalt. 'After the fall of the Berlin Wall, we, here in Zeitz, had to start again from scratch', he recounts. 'We did that by an invention borne of necessity – the concept of the chemical park. In the meantime, we have added infrastructure and utility services to the mix'.

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