



Michael Zens

Vice President of BASF's Business Management for Oleo Surfactants & Fatty Alcohols in Europe

BASF
The Chemical Company

Mr. Michael Zens has been appointed head of European business management for primary surfactants and fatty alcohols in BASF Personal Care and Nutrition GmbH.

Mr. Zens has been working for BASF for 25 years, he held various executive positions in Singapore and Ludwigshafen, most recently he was head of European business management for styrenic foams based in Ludwigshafen. Considering his remarkable experience in the business and in Asia, a very sensitive area for business opportunities and sourcing of raw materials, HPC Today asked him some questions.

Mr. Zens, as new head of the business management for primary surfactants and fatty alcohols in Europe, what is your view on the current market situation with regard to your continent (i.e. C12-C14 FAEO 2-3 and 7-9 EO)?

Currently, we face extreme fluctuations in the prices of raw materials. We have substantial overcapacity in fatty alcohols worldwide – leading to unsatisfactory margin levels. Furthermore, demand isn't developing as we expected.

Surfactants represent one of the most relevant and strategic ingredients in the personal care formulations, often under pressure. We see SE Asia oleochemical producers entering the European downstream market. On the other side, there is the challenge of low price/large availability of ethylene from US shale gas (which in the absence of ethylene exports to Europe that has not materialized so far, could result in the import of synthetic FAEO ethoxylates), then huge, yet so far untapped opportunities from low cash-cost EO in Middle East. What are the perspectives in terms of EO and C12-C14 fatty alcohols availability and prices?

The analysis you have done is right – the market landscape for surfactants has changed significantly in recent years and will continue to do so. As we already see huge overcapacities for fatty alcohols, availability will not be an issue. Hence, new investments into fatty alcohol production units are not very likely to be attractive – regardless of the feedstock source.

Does the fluctuations in oil prices affect costs and competitiveness in the surfactants value chain? More than the crude oil price, it is the regional ethylene price and the availability, the ethylene oxide equivalent production capacity and the ethylene oxide purification available capacity that matters. Is this assumption correct?

Here, we have to clearly differentiate between two types of surfactants: Surfactants based on natural lauric oils, where we see a high volatility of the price of Laurics (and EO). And those made out of synthetic material. For the synthetic material, crude oil and ethylene respectively ethylene oxide is obviously very important. As those are the key raw materials, fluctuations have a significant impact on the profitability.

For BASF, with a global presence worldwide, the sources for the supply of raw materials are crucial. Can you comment?

This is especially true for palm and palm kernel oil. The global demand for these raw materials is constantly increasing. BASF is one of the major users especially of palm kernel oil and its derivatives, which are mainly used to produce home and personal care ingredients, and – to a lesser extent – food ingredients. We want to ensure that our products are made from sustainably sourced raw materials. We have therefore systematically assessed our position in the oil palm supply chain and developed a future approach, taking into account the feedback from many stakeholder interviews.

As a result, we have expanded our sourcing commitments

to foster a market transformation towards sustainable palm oil production and usage. They include a sourcing policy for palm oil, palm kernel oil and their primary derivatives. The policy incorporates forest and peatland conservation as well as requirements for a Free-Prior-Informed –Consent (FPIC) process. In order to increase the availability of RSPO certified, sustainable palm and palm kernel oil, the company also strives to establish joint projects with smallholders. Furthermore, we have set three goals for oil palm products and will continuously report on the progress.

BASF is among the top players worldwide in the surfactants/emulsifiers market and has one of the widest portfolios of products which covers almost the whole needs of the personal care (and household and I&I) market. What do you consider as the most relevant in terms of applications and end uses?

Well, when talking about applications, obviously the big volume applications like rinse off products on the personal care side and surface cleaners on the home care side are the areas with the highest volumes. However, especially in the personal care market, innovative products for various applications are extremely important. As you mentioned, BASF has the broadest portfolio of personal care products in the market, hence we can offer our customers products from primary surfactants all the way to emulsifiers, emollients and even UV filters – just to name a few.

How about Europe in terms of trends and market opportunities today, considering that our continent consists of very different countries (new EU entrants and Eastern Europe) with a variety of diversities in terms of habits, cultures, social aspects and trends?

We do see a clear trend towards the use of even more sustainable raw materials in Europe. One example is the

market transformation from non-certified Palm Kernel Oil (PKO) to certified PKO. With our extended commitment towards the use of certified oil and derivatives, BASF is well positioned to supply the required volumes to our customers, who have also – to a large extent – made commitments towards the use of more sustainable raw materials.

You have had a remarkable professional experience in Asia. A comment on your experience, both professional and personal? Is there an Asian business “model” which could be applied to Europe?

What I liked most about Asia was the optimism and positive attitude that you see everywhere. Take the big economic crisis in 2008: In Asia, I heard people say: “Do not worry – we mastered so many crises, we will master this one as well.” The statements in Europe sounded quite differently at those days. On the personal side, I have had the chance to make many friends in different countries that allowed me to gain an insight into the culture and business culture of the very diverse Asian countries. I keep this habit to understand our customers in Europe better as well. Even though we do have a EU28, the countries are still very diverse.

Your new appointment in BASF comes in a special historical moment for the company: the 150 years anniversary! Your feelings and thoughts?

In 1865, the first production plants are built in Ludwigshafen. 150 years later, BASF is the world's leading chemical company. Today, we create chemistry for a sustainable future. And I am proud that I have been part of this team for more than 25 years, now!

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