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The Chemical Company

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BASF and PETRONAS Chemicals Group Berhad (PCG) intend to invest USD 500 million (MYR 1.5 billion) in an integrated aroma ingredients project at their existing joint venture site BASF PETRONAS Chemicals in Gebeng, Kuantan. With this investment, the partners will help meet the globally growing demands of customers in the flavor and fragrance industry, especially in Asia Pacific.

At the heart of the complex will be a plant for citral and precursor plants. The partners will also invest in downstream production for aroma ingredients including a new world-scale plant for L-menthol and a plant for citronellol. Production will be developed in phases, with the first plants of the project operational in 2016, creating some 110 new employment opportunities.

“This investment is built on the solid, long-term relationship with our strategic partner PCG. Since the establishment of our joint venture, BASF and PCG have successfully served the needs of the region with high-quality and innovative products,” said Dr. Martin Bruder Müller, Vice Chairman of the Board of Executive Directors of BASF SE, responsible for Asia Pacific.

“With this strategic investment we are increasing our contribution to the aroma ingredients market to bring attractive fragrances and flavors to our daily lives. Embedding this investment into our Kuantan Verbund allows our customers to benefit from a global production network for their future growth plans in the Asia Pacific region,” said Saori Dubourg, President Asia Pacific BASF.

“The integrated aroma chemicals complex will open up a new business frontier for PCG, tapping into the flavors, fragrance and pharmaceuticals markets. This indeed presents exciting prospects for the company, as we endeavor to provide innovative customer solutions,” said Datuk Wan Zulkiflee Wan Ariffin, Chairman of PETRONAS Chemicals Group Berhad.

“The Gebeng expansion adds further value creation to our existing product streams and we are strengthening the joint venture by leveraging on our strategic partner’s technology and expertise in the aroma ingredients,” said Dr. Abd Hapiz Abdullah, President/Chief Executive Officer of PCG.

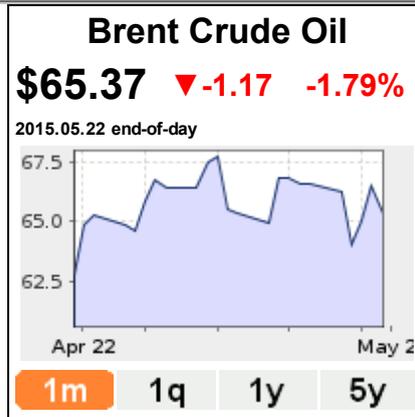
BASF is one of the leading producers of aroma ingredients worldwide, with a product range that includes geraniol, citronellol, linalool and L-menthol. Aroma ingredients are sold to the flavor and fragrance industry, and are used mainly in home and personal care products and fine fragrances, as well as in the food industry and in pharmaceutical applications.

Citral is nature-identical to the main component of many essential oils like lemongrass, and is used as fresh-citrus and fruity notes in fragrances and flavors. It is also used in the production of vitamins A and E and as precursor for aroma ingredients. Citronellol is used for a fresh, powerful, and long-lasting rose fragrance, and is an indispensable component for numerous fresh-floral compounds. The cool freshness of L-menthol makes it popular as an ingredient in numerous products in oral care, body care, flavorings and in pharmaceutical

applications.

BASF and PCG founded their joint venture BASF PETRONAS Chemicals Sdn Bhd in 1997. The company currently operates an integrated complex situated at the Gebeng Industrial Zone, Pahang. The company's share capital is 60% held by BASF and 40% by PCG with a total initial investment of about MYR 3.4 billion for acrylic monomers, oxo products and butanediol production facilities. In the new project, the partners will invest according to their stake.

Source: [BASF](#)



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