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September 18, 2002

For Immediate Release

## THE CHANGING FACE OF THE SURFACTANT MARKET

After more than a decade of consolidation in the surfactants industry, fewer than a dozen global producers of primary surfactants remain, according to a new study by Colin A. Houston & Associates, Inc. (CAHA), a consulting firm in Brewster, NY. "The restructuring of supply is an important factor, but the market is also having to contend with overcapacity issues, new surfactants being developed, the increasing impact of environmental regulation, and changes in the product value chain," says Joel Houston, President of CAHA.

The new study, *Surfactant Developments - Forecast to 2010* devotes a 94-page chapter to the analysis of key issues facing the surfactant market. For example, one of the new surfactants being developed is methyl ester sulfonate (MES), which is slated to be used by Huish to replace linear alkylbenzene sulfonate (LABS) and other primary surfactants in its private label detergent products. Huish recently brought on stream an 80,000 ton/year MES plant in Texas.

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In West Europe, surfactant overcapacity has been a major issue, and little change is expected in the near future, since producers are very reluctant to shut down sulfation and ethoxylation plants. The situation is different in Asia, where nearly half of the 184 sulfation/sulfonation sites are integrated with detergent producers, and good market growth has supported their operations.

Another developing issue is the availability of surfactant intermediates. After a period of tight supply, new capacity for detergent alcohols and linear alkylbenzene is threatening to create a surplus of intermediates and drive prices down. Detergent reformulations are already shifting some consumption from LABS to alcohol derivatives. Changes in the surfactant intermediates market will benefit some surfactant producers and negatively impact others.

A few major deals, such as Sasol's acquisition of Condea, the disappearance of Albright & Wilson into Rhodia and Huntsman, the spin-off of Cognis by Henkel, and Dow's acquisition of Union Carbide, have radically changed the competitive arena. Other producers, such as Stepan, have built their global presence through smaller deals, acquiring product lines rather than companies. With few exceptions, surfactant producers are pursuing a higher degree of integration and are adopting new marketing strategies in order to defend and expand their positions. CAHA's study details the activities and strategic approach of individual companies through profiles of nine global surfactant producers and four regional ones.

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Worldwide consumption of surfactants is expected to grow at an average annual rate of 3 percent, from 10.5 million tons in 2000 to 14.3 million tons in 2010, according to CAHA. Latin America and Asia are the regions expected to have the highest surfactant growth rates. In addition to an overview of total surfactant consumption, the study details the markets for the five “primary” surfactants: linear alkylbenzene sulfonates (LABS), alcohol ethoxysulfates (AES), alcohol sulfates (AS), alcohol ethoxylate (AE), and alkylphenol ethoxylate (APE) by region and by end use. LABS continues to be the most widely-used synthetic surfactant, but it is growing more slowly than the alcohol derivatives.

The sections on each primary surfactant include data on producers and capacities, estimates of captive vs. merchant use, producer market shares in each region, and a forecast of consumption by major end use: household, personal care and Industrial (including I&I). *Surfactant Developments - Forecast to 2010* is available in either hard copy or electronically via the Internet.

Other CAHA publications include *Alpha-Olefins -- World Markets 2000-2010*; *Detergent Alkylates -- World Markets 1995-2010*; *Normal Paraffins -- World Markets 2000 - 2010*; the monthly newsletter *Alpha-Olefin Update*; *The LAB Market Report* (bimonthly), and *Agglomerations: The International Detergents Newsletter*

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(bimonthly). Details of CAHA's publications are available at: [www.colin-houston.com](http://www.colin-houston.com)

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