



Chemical world: the chemical and industrial park in Zeitz, 40 kilometres from Leipzig

# Saxony-Anhalt finds the right chemistry

**SAXONY-ANHALT, A FEDERAL STATE IN EASTERN GERMANY, IS RENOWNED FOR ITS EXPERTISE IN SECTORS BASED AROUND CHEMISTRY, AND THANKS TO ITS FIVE CHEMICAL PARKS THIS REPUTATION LOOKS SET TO SOAR AS THEY EMBRACE SUSTAINABLE ENERGY SOLUTIONS. ALEX IRWIN-HUNT INVESTIGATES**

Located in the central eastern part of Germany to the southwest of the capital Berlin, Saxony-Anhalt has long been home to a thriving chemical industry, typified by one of the state's five chemical parks, Bitterfeld, which celebrated its 125th anniversary in 2018. Testament to the success of Saxony-Anhalt's chemical industry is the €7bn in turnover generated annually at its chemical parks, as the federal state that was once the heart of the former East German chemical industry continues to be an attractive location due to its highly skilled workforce. Since 2008, the state has attracted \$1.1bn of inbound greenfield investment in the chemicals sector, according to greenfield investment monitor **fDi** Markets.

Thomas Einsfelder, managing director at the Investment and Marketing Corporation Saxony-Anhalt (IMG), the economic development agency promoting the state, says: "Saxony-Anhalt is focusing more heavily on future topics such as chemistry, bioeconomics and medical engineering, which are closely linked to universities, research institutions and clusters. The technology and science-orientated companies of these industries find good conditions for expansion here."

## Chemical bonds

Five of the 12 centres of excellence being promoted by IMG are chemical parks, each with its own niche and profile. Zeitz, a relatively

small town with a rich history located about 40 kilometres from Leipzig, is home to one of these chemical and industrial parks (CIPs) and has a unique sustainable offering that incorporates companies from both the chemical and other industries.

The Zeitz CIP covers 232 hectares, 60 of them available for development from foreign investors. The site boasts 50 companies from countries including China, Italy and Ukraine, providing 1000 jobs to the local population. The success of Zeitz CIP is shown by the €400m of investments attracted to the park to date and the roughly €600m of revenue generated annually, according to IMG figures.

Following German reunification in 1990, the park benefited from the end of lignite production and use, leading to an early transition to more renewable energy sources. The park has emerged as a leading location for green chemical companies, as exemplified by the world-leading sustainable products produced on site.

US-based Puraglobe, a refiner of 150,000 tonnes of sustainable oil per year, set up operations in Zeitz in 2004, where it developed and improved its technology which reduces the carbon footprint of its products made from used oil in an industry normally denounced for its environmental impact.

"We are now saving 1.3 tonnes of carbon dioxide per tonne of base oil, only through the production process. When you account for the reduction in fuel consumption, we can further increase our carbon dioxide saving by up to 350,000 tonnes per year," says Puraglobe's CEO

Andreas Schüppel when discussing the company's innovative HyLube technology.

## Increasing confidence

Puraglobe, which also runs a climate-protection initiative called Care for Climate, plans to invest in three different technologies and a third refinery in Zeitz within the next few years, and the presence of a world leader in low-carbon base oil instils confidence in the park as an attractive location to invest and make use of technological synergies.

"Also, because the park belongs to the public sector it is very well connected with all the politicians. This makes it much easier to get assistance from IMG in Magdeburg, for example, and from either the ministry of economy or finance. If I call them, I can get an appointment within the next few days," says Mr Schüppel.

Zeitz CIP also has a strong record with smaller scale companies. They are better catered to than they might be in larger operations with huge companies, as this "park is very interesting for family-owned companies, because there is no very large operator on the other side of the table", says Arvid Friebe, CEO of Infra-Zeitz, the operator of Zeitz CIP.

For example, Zeitz is home to a family-owned producer of synthetic waxes, Deurex. The company, which produces several sustainable products at its site, sells in more than 50 countries. Its flagship fibrous product, Deurex Pure, won the European Inventor award in 2017 due to the way in which its adsorbent properties clean up oil spills.

The company, which also makes a wax produced from sugar production waste, has been happy with its experience in Zeitz, as the "support is excellent and an excellent service is provided", according to head of sales Steffen Remdt.

Other notable companies committed to sustainability and present in the CIP are Italy-based Radici Group, which neutralises the greenhouse gas nitrous oxide and sets the standards for this in Germany; and Interstarch, which converts renewable raw materials from

wheat into industrially useful starch. Moreover, the three separate solar parks, the biogas refinery and plastic recycling facility also present at Zeitz CIP add to the site's credentials as a green chemistry location.

## Collaborative efforts

Infra-Zeitz – which provides infrastructure and numerous services to companies on site, including water provision and waste water management – highlights the strong collaborative atmosphere between chemical parks in Saxony-Anhalt, which strive to share best practices and avoid competition through CeChemNet.

"CeChemNet is the communication platform of the region's chemical park operators. It is not so much interested in technical issues, but plays an important role in getting all the managing directors together on the same table several times a year to share ideas and inform one another about what is going on," says Mr Friebe.

One criticism of Zeitz has been that its infrastructure is less comprehensive compared with other CIPs within Saxony-Anhalt, requiring most incoming and outgoing deliveries to be completed via the extensive local road network. However, this will be rectified by a new rail network due for completion in early 2020.

In general, Saxony-Anhalt's cost of land in fully developed industrial zones is substantially below the German average, while 53% of its gross electricity production came from renewable sources in 2017 compared with the German average of 41% in 2018, according to IMG figures. With its historical strengths in the chemical industry, coupled with a committed local government and population, Saxony-Anhalt will continue to be an interesting prospect for foreign investors in both the chemical and other industries. ■

Cost of this report were underwritten by Investment and Marketing Corporation (IMG) Saxony-Anhalt. Writing and editing were carried out independently by **fDi** Magazine.



Clear winner: Puraglobe distils used motor oil into multi-use base oil



Leading edge: fibrous product Deurex Pure won the European Inventor award in 2017