Arkema continues to reorganize its activities in Rhône-Alpes (France)

- Refocusing of the Pierre-Bénite plant on its most efficient activities to turn it into a competitive European site in Fluorochemicals.
- Creation in Pierre-Bénite of a world-scale IT hub.
- Relocation to Saint-Fons of the PVC business unit team.

Firmly anchored in the Rhône-Alpes region with 8 facilities and some 2,500 direct jobs, the Arkema Group has chosen the Lyon region to set up its worldwide IT hub in Pierre-Bénite and to transfer the personnel of its PVC business unit to Saint-Fons. Arkema’s senior management have today presented to the Central Works Council a draft plan to restore the competitiveness of the Pierre-Bénite plant by strengthening its most efficient activities and shutting down its structurally loss-making production plants. This plan demonstrates Arkema’s commitment to turn the Pierre-Bénite facility into the flagship site of its Fluorochemicals business in Europe, and to remain a major and efficient economic player in the Rhône-Alpes region.

Turn the Pierre-Bénite into a European Fluorochemicals site

The Pierre-Bénite plant activities are for the most part derived from hydrofluoric acid, the basis for the manufacture of Forane® refrigerant fluids and Kynar® fluorinated polymers. Its profitability is affected in particular by highly adverse economic conditions linked to the sharp increase in the cost of access to fluor spar, the main raw material for hydrofluoric acid, today procured mostly from South Africa following the unexpected closure of the only French mine in June 2006. Additionally, sales of Forane® 22, a refrigerant fluid from the HCFC group whose marketing in Europe is to be phased out by 2010 under the terms of the Montreal Protocol, have been declining steadily since 2003, and its production is now making a loss.
The Pierre-Bénite plant now reports levels of losses that are seriously jeopardizing its future. The plan presented to the Central Works Council is designed to restore its competitiveness over the long term by consolidating the most efficient activities and closing the production plants penalized by structural handicaps, in particular hydrofluoric acid and Forane® 22. The plan entails the following main points:

- the refocusing of resources, including human resources, on developing products which represent the plant’s technological and commercial assets: Forane® 134a for refrigeration and Kynar® fluorinated polymers,
- the ongoing improvement of safety / environmental records to turn the plant into a model of integration within its local environment,
- the optimization of the plant’s industrial reliability and manufacturing processes with a view to a potential increase in production capacity.

The project also provides for the divestment of the inorganic coagulants (products for water treatment), with annual sales of some 20 million euros, to Kemira, the world leader in this sector, who has the necessary structures to ensure the development of this product range.

**Deployment of plan to safeguard employment**

The proposed Pierre-Bénite evolution plan would entail the loss of 226 jobs from the facility’s current 574 positions.

Arkema is committed to putting in place a job mobility unit with specialist consultants in order to assist every employee concerned in seeking a suitable internal or external mobility solution on an individual basis.

Accordingly, Arkema will provide internal redeployment measures with mobility grants, and also undertakes to offer two suitable job opportunities in the Lyon region as part of external mobility. Grants will also be available for setting up or acquiring businesses. Finally, early retirement packages, entirely funded by the Company, will be negotiated.

Additionally, 20 jobs would be transferred from Arkema to Kemira as part of the proposed divestment of the inorganic coagulants activity.

**Rhône-Alpes, a key region for Arkema**

Arkema is bolstering its presence in the Rhône-Alpes region by relocating from its Paris headquarters to the Lyon area some 60 jobs for a world-scale IT hub in Pierre-Bénite as well as the personnel of its PVC business unit in Saint-Fons.
With 8 facilities, including a research center, a technical center and six industrial sites, and some 2,500 direct jobs, Rhône-Alpes is the region of France boasting Arkema’s heaviest presence. In addition to the investments carried out on the Jarrie (Isère), Saint-Fons (Rhône) and Balan (Ain) sites as part of the Vinyl Products consolidation plan, an EVA production plant was set up in Balan, and an increase in the hydrogen peroxide production plant capacity has been announced in Jarrie, i.e. some € 75 M since Arkema’s creation. A further € 30 M have also been invested every year over the same period to enhance the safety and environmental performance of the region’s industrial sites.

Arkema’s R&D is also highly present in the Lyon region with the CRRA (Rhône-Alpes Research Center) and its diverse range of expertise, from environmental protection and pharmaceutical intermediates to construction and paper manufacture.

Arkema is one of the founding members of the Axelera Chemistry-Environment competitive hub which brings together players from industry, research and education around the development of the chemistry of the future, which includes its relationship with the environment from the design stage of its products and processes.

A global chemical player, Arkema consists of 3 coherent and related business segments: Vinyl Products, Industrial Chemicals, and Performance Products. Present in over 40 countries with 17,000 employees, Arkema achieves sales of 5.7 billion euros. With its 6 research centers in France, the United States and Japan, and internationally recognized brands, Arkema holds leadership positions in its principal markets.

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