



## INTERLAKOKRASKA 2021

For the first time since lockdown, manufacturers of paint and coating materials, raw materials and equipment met in person to exchange news and discuss the situation in the industry.

Major suppliers in the industry managed to enthusiastically present new products and technology, even in pandemic conditions whilst following all safety measures. The exhibition brought together more than 100 companies from Russia, Belarus, Ukraine, China, the European Union, Turkey and Switzerland, and the display space this year exceeded 1,500 sq m. Foreign participants unable to attend the event were represented by Russian partners.

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THE DOMESTIC MARKET FOR THE PRODUCTION AND CONSUMPTION OF PAINTS AND COATINGS IS SHOWING STEADY LEVELS OF GROWTH FOR THE THIRD YEAR IN A ROW, AND EXPORTS ARE INCREASING WITH A NOTICEABLE REDUCTION IN IMPORTS

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According to analysts, the domestic market for the production and consumption of paints and coatings is showing steady levels of growth for the third year in a row, and exports are increasing with a noticeable reduction in imports. But the competitiveness of Russian products depends primarily on quality standards, and the solution to this problem is linked to the supply of raw materials to the industry. As one of the largest suppliers of raw materials, SIBUR takes part in the exhibition each year. This year, the Salavat Petrochemical Complex (SNKhK), a joint venture between SIBUR and Gazprom Neftekhim Salavat, had a stand for the first time.

Ksenia Kizovskaya, Chief Specialist at SIBUR's Plastics and Organic Synthesis and Fuel Components, recalls that negotiations with partners at the exhibition lasted from morning to late evening, with 17 productive meetings over the three days of the event. Not only paint and coatings manufacturers visited SIBUR's stand, but also producers of polyester resins, plastics, polyols, and polymers for road markings. Visitors of the stand communicated with company representatives in person or via Skype, with the help of special monitors. We primarily discussed the explosive increase in the price of monomers and ways to minimise losses in the industry, and we also made adjustments to joint plans.

Almost half of SIBUR customers are planning to increase their production volumes, 30% of companies are expanding their product range, and 15% are entering new markets, including in Africa. New plants are being built in Russia and Serbia with a focus on the Russian market, despite the pandemic and the general economic decline, paint and coatings manufacturers are continuing to invest in production, and maintain a positive attitude. The stability of the industry is largely a result of the smart policies of Russian suppliers of raw materials.

Along with its classic range, SIBUR presented a new product at this year's exhibition – maleic anhydride (MAN). The launch of MAN production is planned for 2022 at the SIBUR Tobolsk site. “This will be the first time maleic anhydride is produced in Russia,” explains Irina Kalugina, a marketing specialist at SIBUR's Plastics and Organic Synthesis Division. “We will be able to fully cover the needs of the domestic market, and this is very important for import substitution in the industry.” Domestic manufacturers predominantly use MAN in solid form, but SIBUR will produce it in both solid and liquid form, as a significant part of the production is export-oriented. MAN has the potential to be in demand across various industries, all of which are rapidly growing in Russia. Once again, the exhibition has confirmed that the domestic market is eagerly awaiting new SIBUR products.



*The SIBUR and SNKhK stands interacted with a good number of guests.*

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The Salavat Petrochemical Complex (SNKhK) is a full-fledged, mutually beneficial partnership between SIBUR and Gazprom Neftekhim

The sharp rise in raw material prices is causing industry turbulence, and in this environment it is important to set up optimal interfaces throughout the entire value chain, from suppliers to retailers. Consumers prefer forging relationships with SNKhK that cut out the intermediaries, and even small and medium-sized businesses are willing to sign contracts with us directly. “Our company is Russia’s leading supplier of butyl acrylate, comprising of two production sites in Russia,” says Dmitry Malyshev, Commercial Director and Deputy CEO at SNKhK. “Our product is one of the basic, high-tonnage components needed by manufacturers of dispersions for paints and coatings in Russia and in CIS countries. We always support our partners, now more than ever during this period of market instability and the global shortage of butyl acrylate. We have kept stable prices for Russian consumers, fully met their needs in terms of order volumes, while also fulfilling all the requirements by market regulators. The industry is maturing, and new customers are consciously deciding to use our services. They can see that our assets are helping final stage producers during turbulent times.”