

130 YEARS AND COUNTING

German chemicals giant BASF has been doing business in China for 130 years, through revolution, war and industrialisation. The company's current president for Greater China Albert Heuser shares how it has been working to help Chinese industry into a leaner, cleaner future.

STORY **CHRISTY CHOI**

Albert Heuser doesn't speak in riddles, euphemisms, or convoluted sentences. The Shanghai-based president of BASF's Greater China operations is matter-of-fact, and that's the way he likes to approach business.

"Transparency in public discussions is the key point to becoming a better company in society," says Heuser during our chat in the company's Hong Kong office on the 45th floor of Jardine House. "Transparency, communication, explaining what you are doing and why you are doing it, and what is driving you. Only then will you be valued."

The characteristic porthole-shaped windows of Jardine House reveal views of Hong Kong with coloured blocks resembling

an elaborate Lego display. It's somewhat fitting for a company whose primary business is in chemicals – the basic building blocks of our modern world.

"You'll find us more or less everywhere," says Heuser, pointing to a desk, window sealing, wall paint and even to his suit. "The nice fibres, which makes underwear and sportswear stretchable, [we make] these kinds of fibre-materials."

Heuser, 60, who has a PhD in materials science, has worked almost half his life at the 150-year-old corporate behemoth, which employs some 113,000 people globally. Since 2013, as well as being president and chairman of Greater China, Heuser has been president, Functions Asia Pacific,

at the company, based in Shanghai. His role involves looking after matters spanning engineering, finance, supply chain and IT, he explains. The company have some 17,000 staff in the Asia Pacific.

BASF's materials are found in a myriad of items; soaps, hair care, agricultural chemicals and biodegradable plastics for greenhouses are just some examples.

"Modern life, without solutions coming out of the chemical industry ... would not be the life we have today," says Heuser. "This is the beauty of working in this industry ... you have numerous opportunities to improve what is already existing, by scientific know-how and by connecting the dots, connecting people".

RIGHT
Albert Heuser, Shanghai-based president of BASF's Greater China operations, in the company's Hong Kong office in August.

PHOTOGRAPHY GARETH GAY

"I THINK THIS IS THE DESTINY OF MANKIND – THAT WE HAVE ALWAYS TO STRIVE FOR BETTER SOLUTIONS"

– Albert Heuser, BASF



A LONG CHINA HISTORY

Originally founded in Mannheim, Germany, in 1865, BASF's first main products were synthetic dyes made from coal tar, recounts *Breaking New Ground*, a book published this year to mark the company's 130-year history in China.

In 1885, BASF sent a director, Theodor Sproesser, to China to expand its textile dye business. BASF ended up partnering with Jepsen & Co, which was founded in 1895 in Hong Kong, and their relationship in China lasted 80 years, until BASF's presence had grown so big that it formed BASF China to manage its operations.

BASF is one of the few companies that have survived the ups and downs of recent Chinese history – from the fall of Imperial China, to the Cultural Revolution, and the re-opening of the country and its rapid economic growth.

In a key milestone in 2000,

BASF established a joint venture with China's state-owned petroleum and chemical giant Sinopec to build a Verbund site – basically a site that makes extra-efficient use of resources – in Nanjing. It involved an initial joint investment by both partners of US\$2.9 billion and marked both the largest single investment in BASF's history and the biggest chemical project between China and a foreign company.

The sprawling 220-hectare Verbund site, an amalgam of pipes, towers and storage tanks, used to create polymers and chemicals, opened in 2004. The site's efficient design is based on its main Verbund site in Ludwigshafen, Germany. At other facilities, leftovers from chemical production are sent to another factory. But at BASF's Verbund facilities, much of the waste is recycled. Byproducts from one factory are used as raw

materials in another nearby, minimising both environmental impact, and logistics, energy and infrastructure costs.

With major investments in Nanjing, Shanghai and Chongqing, BASF is one of the largest foreign investors in the Chinese chemical industry. Over the last 20 years, BASF has invested more than 5 billion euros in Greater China, hiring over 8,000 employees.

The company's Greater China headquarter and Innovation Campus Asia Pacific are located in Shanghai. There are some 450 researchers based at the Innovation Campus: a number set to double when the second phase of its development is set to be completed later this year.

The company posted sales of 5.5 billion euros in Greater China in 2014. BASF's current strategy in China is to grow its downstream business – the making and the sale

of finished products. For BASF, this means “chemical applications of chemicals and chemical solutions, and more sustainable solutions for our customers,” explains Heuser.

Heuser is constantly on the go. He's travelled through many of China's major cities and provinces – including Beijing, Xiamen, Xian, Shandong province, Yantai, Qingdao, Dalian, Changchun and Jilin – searching for new business contacts, introducing products, the company, connecting teams and customers, as well as for personal trips.

HERE FOR THE LONG HAUL

Born in 1955 in Düsseldorf, Germany, Heuser has come a long way since his days as a PhD graduate in material sciences. His first job was at BASF, and he's never left: but he's enjoyed working in a range of different roles – and countries – at the multinational corporation.

His roles have included supervising pressure vessels in chemical production, running chemical production plants, to becoming responsible for global

petrochemicals for BASF in 2006.

During his time as head of petrochemicals, he visited China as a member of the board of directors for BASF's joint venture in Nanjing with Sinopec. In 2010, he became the president of market and business development in the Asia Pacific, and was based in Hong Kong for about four years.

Heuser enjoys getting acquainted with different cultures in Asia, and observing the drivers behind what is happening in the region. He sees “a lot of positive thinking” in Asia compared to Europe where, he says, he sees a lot more negativity and a tendency to want to keep the status quo. Before Heuser and his wife moved to Hong

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Kong, his son obtained a masters of mechanical engineering at Tsinghua University. His daughter, who completed an internship in Hong Kong, previously lived and worked in Peru and now works in Mexico, shares her father's sense of adventure.

Despite the recent plunge in China's stock markets, BASF remains focused on long-term prospects in the country. “The recent volatility in China's stock market ... may have a GDP downside risk in the short/medium term,” says Heuser. “At BASF, our investment decisions are based on long-term market development potentials. We believe the fundamentals in China are intact and our commitment towards China remains unchanged.”

In short, the company is committed to staying and contributing to the country in the long haul. “We will continue to invest in local production and innovation to help tackle the challenges arising from rapid urbanisation and development of the country,” says Heuser.

COURTESY BASF

ABOVE
A Chevrolet-FNR concept car featuring BASF's “Midnight Glimmer” coatings unveiled at Auto Shanghai 2015.

RIGHT
Employees at BASF's Innovation Campus Asia Pacific in Shanghai.



FOCUS ON SUSTAINABILITY

In a country where pollution has been a particularly pressing concern, the work in which BASF has been involved includes creating less polluting catalysts for the automotive industry, the production of less pungent chemicals, and the production of more lightweight materials.

Customers, Heuser says, are increasingly conscious of reducing carbon emissions and cutting costs through energy conservation. Innovations that BASF has pursued can help achieve these goals. Take, for example, the automotive industry.

“If you want to have less emissions out of combustion engine-driven car, or a battery-driven car, then weight is a decisive measure,” says Heuser. By engineering lightweight plastics, BASF reduces the weight of cars.

OVER THE LAST 20 YEARS, BASF HAS INVESTED MORE THAN 5 BILLION EUROS IN GREATER CHINA, HIRING OVER 8,000 EMPLOYEES

And by creating coating materials that reduce the heat in the interior of cars, it lessens the need for air-conditioning.

The company has worked with airlines to produce lightweight plastics that reduce the weight of service trolleys by some 40 per cent. It has developed biodegradable materials for sectors such as

agriculture. “We, as a chemical company with our products, are able to provide a lot of solutions [which relate to the environment] and it’s good that we tackle those topics together with our customers,” says Heuser. “We have a lot of offer to make life better.”

And while the word “chemical” may have negative connotations for some, to Heuser, it’s not a material that may be bad in itself, but our potential misuse of it. Take polystyrene, a non-biodegradable plastic that’s been banned in use for takeaway containers in China and which environmental groups have lobbied hard against.

“It’s for sure an excellent material,” says Heuser. “It has a lot of good material behaviour... With polystyrene material you are very much able to reduce the CO2 footprint of homes, when you use it as insulation materials for

instance. We always look into such materials with a holistic approach,” he says, adding that that means addressing the question, “What is the overall benefit?”

Heuser is fundamentally a scientist at heart. “All [of] what we understand today, regarding greenhouse gases...all this has a deep scientific background. Only because of scientific inquiry and knowledge are we able to find out what is really going on.”

PEOPLE AND SAFETY FIRST

BASF’s group reports include many pages on its impact on society, says Heuser. The company looks at whether its products are really delivering additional value in terms of sustainability. Heuser also says BASF was an early pioneer in looking after its employees properly.

Heuser himself likes to make sure he takes time off, setting a good example. In August, he was in Mongolia, camping with his wife in the Altai mountain region for two weeks. “We want our people to take vacations and make use of what we offer,” he says.

Ensuring high safety standards is a big priority. During the four-year construction period for the Nanjing Verbund site, more than 100,000 employees received special safety training. Experts from US chemical company DuPont were brought in as advisers and trainers.

“It was a completely new experience for many Chinese migrant workers to be provided with functional safety clothing by their employer,” states BASF’s *Breaking New Ground*, in a chapter on work safety and environmental protection.

Recent explosions that occurred at a container storage station at the Port of Tianjin made world headlines. “We have been deeply saddened to learn about the tragedy in Tianjin on August



ABOVE
Albert Heuser at BASF’s office in Hong Kong.

OPPOSITE
Workers carry out inspections at a non-ionic surfactants plant in China.

12 which caused so many fatalities and injuries to the working people, firefighters, and local residents,” says Heuser, adding that BASF employees or premises were not directly affected by the incident.

Heuser remains set on growing BASF in the region and making sure the company continues to work smarter. He makes reference to a novel by Swiss writer Friedrich Durrenmatt, which features some

professors of physics.

“They think about what is driving life, and about how far mankind should really strive in improving life,” he says.

“They come to the conclusion they can’t stop, because there will always be somebody who drives it further. I think this is the destiny of mankind – that we have always to strive for better solutions and ... understand side effects, but go on.”



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