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## **SOLVAY INDUPA WILL PRODUCE BIOETHANOL-BASED VINYL IN BRASIL & CONSIDERS STATE-OF-THE-ART POWER GENERATION IN ARGENTINA**

### *Polyvinyl chloride (PVC) Derived from Sugar Cane and Salt*

Solvay announces today that the Board of its affiliate Solvay Indupa has approved a further USD 135 million investment program to expand and increase the competitiveness of its vinyls production plant of Santo Andre, Brazil. This second stage of expansion, following the plan announced in [August 2006](#), comprises the creation of an integrated plant to produce ethylene with ethanol originating from sugar cane. Ethylene is one of the two main feedstocks needed to manufacture polyvinyl chloride (PVC) - together with chlorine, which is produced through a salt-based electrolysis process.

Santo Andre would be the first industrial project in the Americas implementing renewable resources for the production of PVC. This innovation will prevent the emission of large quantities of CO<sub>2</sub> into the atmosphere.

Solvay Indupa's ambition is to complete the expansion of Santo Andre by 2010. The plant would then have an installed capacity of 360,000 tons/year of PVC; 360,000 tons /year of vinyl chloride monomer (VCM), 235,000 tons/year of Caustic Soda and 60,000 tons/year of bio-ethylene.

Solvay Indupa is also studying with Argentinean energy group Albanesi S.A. the construction of a 165 megawatt combined cycle electrical power plant on Solvay Indupa's site in Bahia Blanca, Argentina. The project would require an investment of USD 135 million and would provide for a reliable and competitive coverage of the site's entire energy needs.

In order to finance these investments, Solvay Indupa is considering a capital increase of approximately USD 130 million, to be placed in local and international capital markets through Brazilian Depositary Receipts (BDRs) at the São Paulo Stock Exchange (Bovespa).

“Latin American markets are among the most promising targets of our geographical expansion,” commented Jacques van Rijckevorsel, General Manager of the Plastics Sector, Solvay. “Demand for vinyl products is experiencing continued and dynamic growth there. With these ambitious expansion plans, Solvay Indupa will be at the leading edge of competitiveness and innovation to serve the fast-growing Latin American economies with sustainable vinyl material,” added Jacques van Rijckevorsel.

The Solvay group is one of the world's leading vinyls producer, ranking second in Europe and third globally. In addition to SolVin, its joint venture with BASF in Europe, the Group's activities in PVC and other products of the vinyl chain span across Asia and Latin America, through the affiliates Vinythai in Thailand and Solvay Indupa in Argentina and Brazil.

**Solvay Indupa**, a company of the Solvay group, is one of the most important petrochemical companies in the Mercosur. Its main products are PVC resins and Caustic Soda. Solvay Indupa has its main offices in Buenos Aires, Argentina and two industrial sites: in Bahia Blanca (Argentina) and Santo André (Brazil). Solvay holds 70.1% of Solvay Indupa, which is listed on the Buenos Aires stock market.

**SOLVAY** is an international chemical and pharmaceutical Group with headquarters in Brussels. It employs some 29,000 people in 50 countries. In 2006, its consolidated sales amounted to EUR 9.4 billion, generated by its three sectors of activity: Chemicals, Plastics and Pharmaceuticals. Solvay (NYSE Euronext: SOLB.BE - Bloomberg: SOLB.BB - Reuters: SOLBt.BR) is listed on the NYSE Euronext stock exchange in Brussels. Details are available at [www.solvay.com](http://www.solvay.com)

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