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The Global Petrochemicals Industry: Providing Sustainable Solutions to Society
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Thank you for that kind introduction. I am honored to have this opportunity to share my thoughts on the future of the petrochemicals industry here in China and worldwide.

Of all the times I have come to China, this visit is especially remarkable. I found myself with that rarest of all commodities – free time! So I took a few extra hours to experience the awesome sights of the Forbidden City and the Great Wall.

One is captivated by their sheer beauty. But even more than that, I'm struck by how a single vision – no matter how big or challenging – can stand the test of time.

The petrochemicals industry can also stand the test of time ... but only if we support a vision of sustainability that earns the respect of the world.

This morning I'd like to discuss:

- The lens of sustainability and the vital role that chemistry plays in enabling human progress.
- The value of integrating sustainability into your company's strategy.
- The unique opportunity for China to become a respected global leader in sustainability.
- And finally, the power of collaboration and the human element to drive success.

There are many trends that might serve as lenses to our future.

- The lens of "innovation."
- The lens of "competitiveness."
- The lens of "globalization."

But I believe there is one prevailing idea that brings together all of these viewpoints ... and that is the lens of sustainability.

China is experiencing a modern-day industrial revolution and magnitude of growth never seen before. I submit, though, that the biggest opportunity – and responsibility for us all, rests in our ability to achieve a clean and sustainable industrial revolution.

More than 2,500 years ago, Confucius said, "Study the past if you would define the future."

For the chemical industry, that means learning from our mistakes, and building on our successes to create an even better future.

In a sense, we are at a turning point. We can grow with reckless abandonment, which will certainly defeat our long-term success.

Or, we can enter new markets like China in a profitable, sustainable way ... one in which we collectively marshal our strengths and experiences for the greater good.

The Good News?

We have what it takes! I think everyone here is aware that our industry is one of the great pillars of the world economy. With total global sales of \$2.3 trillion dollars, we account for more than 4% ... 4% of the world's GDP.

Historically, we are the greatest engine of innovation of all industries. Chemistry, in fact, is the foundation of human progress and prosperity, enabling 90% of the products we touch every day ... from shoes, medicines, and furniture to cell phones, cars and computers.

Take away chemistry, and you subtract nearly everything that makes life healthy, safe and productive ... everything that brings comfort, convenience, and the quality of life to all of us.

Today, our products and technologies ... our scientists and engineers, have the power to deliver an astonishing array of sustainable solutions to society ... solutions that address the social, environmental and resource challenges faced by China ... and indeed, the entire world.

Challenges like energy supply and climate change; access to clean water; public health; affordable shelter; and adequate food supplies ... a daunting list that seems to grow longer every year.

It is simply not worth the risk of taking no action ... especially when you consider how the solutions can, in their own right, create business opportunities for us all.

But despite the value we deliver, our industry is still viewed with suspicion due to incidents, by other companies, that have occurred in the past. But most of all, by the lack of awareness of the positive contributions that we make, every day, to society.

China has the opportunity to elevate ... and to be an even more responsible player. To be sustainable in its operations ... to build awareness of the value the industry delivers ... and to make the case, once and for all, that when it comes to sustainability, our industry is a leader, not a follower ...

A giver, not a taker ...

An asset to the world, not a liability ...

To show that indeed, we are dedicated to providing sustainable solutions to society.

Success, however requires all of us to lock arms in our commitment to sustainability.

Too often perhaps, “sustainability” is treated as a synonym for “environmentalism.”

Environmental responsibility is only part of the story. In the classic definition of sustainability, equally important are the dimensions of social responsibility and economic success.

No government, no community, no industry — indeed no individual — can afford to isolate just one at the expense of the other two. To ensure economic success, we must simultaneously respect the environment and the communities in which we operate.

All are inextricably linked, which is why, at Dow, sustainability is ingrained into the very strategy of our company.

And so should it be ingrained into yours if you seek long-term competitive advantage, which I believe you all do.

That said, there are many who believe the emerging markets are entitled to the same growth curve and the same growing pains as the United States and Europe experienced in the 19th and 20th centuries – without regard to pollution, unsafe workplaces, or CO2 emissions, for example.

We’ve had our turn. Now it’s their turn.

I fully agree that it is, indeed, China’s turn.

The question; however, is NOT whether China is entitled to make the same mistakes we have made in the West. The question is, “Why would anyone want to repeat those mistakes?” Especially when most were made in the absence of the knowledge and technology that we have today!

And especially when just one incident can have a ripple effect around the world – damaging our industry’s reputation and making it more difficult and expensive to operate, grow and innovate. In other words, “the worst of us can easily define the best of us.” It can mean billions of dollars in lost profits and lost reinvestment in valuable products that can not be brought to market. The impact on our industry’s global reputation could, and will be, serious.

The simple truth is that companies focused on being sustainable, are companies that have a greater chance of being successful.

At Dow, we have the record to prove the wisdom of that approach. Back in 1995, for example, we launched a set of tough 2005 Sustainability goals in the area of

environment, health and safety to reduce our environmental imprint and improve the health and safety of our employees and communities.

And, despite the naysayers, we have achieved most of our goals in the process.

Our leadership in cutting the energy intensity of production, for example, has saved Dow around \$5 billion with just \$1 billion in investment ...

We have saved more than 900 million BTUs of energy – enough to power 8 million U.S. homes for one year.

We have reduced our CO₂ footprint by more than 20% between 1990 and 2005. If our company was a separate country, that equates to surpassing the requirements of the Kyoto Protocol by more than three-fold.

By addressing such issues well, as indeed we have for decades, we have become a strong industry leader, a responsible member of our local communities, a pioneer of best practices ... and are exerting the financial discipline that any company needs to succeed.

And so can you.

Now, we are entering our second decade of sustainability goals that once again push the envelope. This time, they reach beyond our fences to develop sustainable solutions to the major global challenges I mentioned earlier – from energy and climate change to clean water.

They are also providing strategic direction for new commercial and innovation opportunities at Dow – in photovoltaic (solar) panels for energy efficiency ... in sugar cane-to-ethanol technologies for oil-free polyethylene ... and – here in China – in clean coal-to-chemicals technologies that we are developing with the Shenhua Group.

If we address those goals well (as indeed we are committed to doing), we will be

- a more respected industry leader,
- a responsible member of the global community,
- a pioneer of innovation and,
- we will grow our company in ways that differentiate us from the competition.

And so can you.

China has the unique opportunity to rapidly become a respected player in the world ... to leapfrog the technologies of the West, and even surpass its achievements. Why shouldn't China desire to be a "pace-setter".

To use an analogy that may be on the minds of some of our Chinese colleagues this year, imagine two Olympic sprinters ... one at the starting line. The other starting half-way to the finish line – a significant head start that many athletes would appreciate.

Similarly, the experiences of industry, over the past century, are a head-start for the “industry of the future” in China. It is incumbent on our Chinese colleagues – and other emerging economies – to take advantage of that head start ... and with motivated, experienced partners, like Dow, who are willing to share our knowledge with them.

Dow’s partnership with China’s State Environmental Protection Administration or (SEPA) to share and teach best practices on clean production is one example of partnership in action — as is the expansion of Responsible Care® into all emerging economies to meet global standards for environment, health and safety.

The other, equally significant, opportunity for China is to advance technology by filling the growing need for scientists and engineers who are so very essential to developing sustainable solutions.

China has what the world needs – the history, the people, the infrastructure, and the drive.

Historically, this country has led the world on many fronts ... from ship-building and silk-making to pioneering everyday items like toothbrushes, umbrellas and matches.

Today, China is the world’s largest in-licensor and adopter of new technologies. And, it has a strong and aspiring population of scientists and engineers, both those who reside in China ... and the so-called “sea turtles” who are returning to their homeland with a global perspective.

China is creating a knowledge-based economy with world-class institutions like the Design Institute ... with strong infrastructures for learning, research and development ... and with policies that enable companies like Dow to build a state-of-the-art technology center in Shanghai.

Clearly, China has the desire to drive forward progress ... and clearly, it will play a major role in the future of this planet.

As I said earlier, success requires us to lock arms and focus on sustainability. With the rapid internationalization of our industry, it is becoming even more critical to collaborate across cultures, continents and institutions.

I urge you – if you haven't already – to:

- Join industry trade associations like the International Council of Chemical Associations.
- Engage in Responsible Care®, and use best practices.
- Support the aspirations of your local communities.
- Initiate education programs focused on sustainability.
- Build awareness about the positive value of chemicals and our industry among key stakeholders.
- And form relationships with companies, like Dow, who can help develop and nurture young talent.

Our vision at Dow is to become the largest, most profitable, and most respected chemical company in the world.

But we can't get there from here without a strong focus on sustainability ... and without the most powerful element of all – The Human Element.

There is no doubt that the world needs chemistry to maintain and improve living standards.

That won't change.

What will change is the growing demand for sustainable solutions, especially as our world edges ever-closer to seven billion people.

The global chemical industry has no choice but to lead from the front. At Dow, we not only welcome that challenge, but are ready to help and contribute in every way we can.

We will be a solution provider.

And we hope that you feel the same way. Because, quite frankly, the reputation of our industry depends on the behaviors and actions of all of you.

With that undeniable reality as our guidepost, I would like to conclude by challenging each of you to “study and build upon the past to define the future.”

For our industry, this challenge means that we must:

- View the world and our businesses through the lens of sustainability and integrate that perspective into strategies for success – into the very DNA of each and every one of our companies.

- We must develop and inspire the next generation of scientists and engineers and connect them wholeheartedly with this vision for the future of human progress;
- And finally, we must harness the power of collaboration and the Human Element to drive future success.

Sustainability is not a nice thing that we might do. But rather, it is a necessary thing that we must do to demonstrate that we are a leader, not a follower ...

A giver, not a taker ...

A true asset to the world, not a liability ...

To show that indeed, our industry is dedicated to providing sustainable solutions to society.

Our challenge, above all others, is to view ourselves not only as makers of products, but as the drivers of human progress ...

And to believe that by investing in humanity's future, we are indeed investing in our own.

Thank you.