

ASIACHEM: China's Methanol Consumption will over 21 Mt in 2010

According to ASIACHEM Consulting, the investigation period extension of methanol anti-dumping by China's MOFCOM will result in methanol import decrease in 2010 compared to 2009. The overseas import of methanol is expected at 4.5 Mt. Meanwhile, China's methanol production will be more than 17 Mt. So, China's total apparent consumption of methanol will reach 21.5 Mt in 2010.

On Jun. 24 2010, the China's Ministry of Commerce (MOFCOM) announced that to extend the anti-dumping investigation by six months on imported methanol from Saudi Arabia, Malaysia, Indonesia and New Zealand, the deadline postponed to 24 December 2010.

ASIACHEM considers that this action reflects the importance and complexity of China's methanol and related industries.

On the one hand, the influx of overseas cost competitive methanol and market price decreasing, a great influence on the domestic methanol industry. Many producers lose and the industry operating rates relatively low. Part of the fertilizer producers (with Methanol co-production) impacted. As the natural gas prices rise, the gas-fed methanol affected more. Through anti-dumping, these producers would increase methanol price and boost the market share.

On the other hand, from the China national industrial policy, under the "Petroleum and Chemical Industrial Restructuring Guidance," the government needs to eliminate out-of-date capacity, and actively develop new methanol downstream products to ease the overcapacity problem. So, through the market's invisible hand, to restructure the domestic methanol industry, may be an option.

ASIACHEM's statistics show that from 2002 to 2008, the proportion of imported methanol decreased from 45% to 12%. As the startup of overseas cheap natural gas based methanol capacity, from January to May 2009, China's methanol import volume soared. According to Chinese customs statistics, in 2009, methanol imports reached 5.28 Mt.

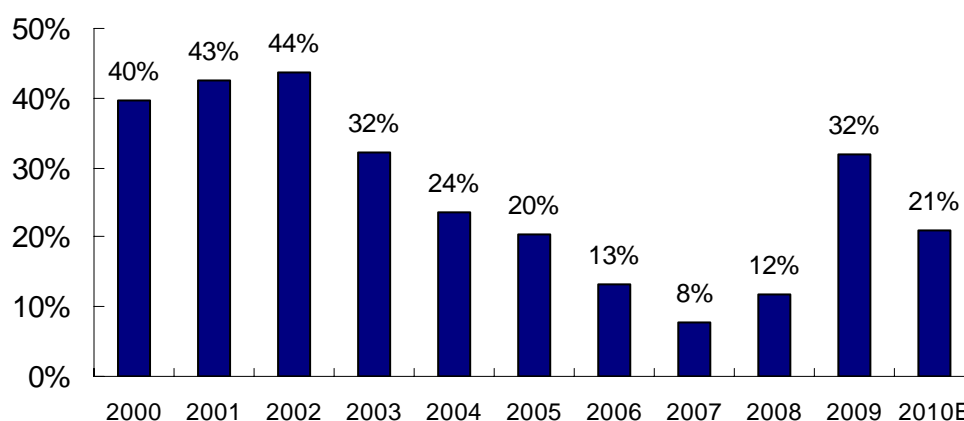
According to ASIACHEM Consulting, the investigation period extension of methanol anti-dumping by China's MOFCOM will result in methanol import decrease in 2010 compared to 2009. The overseas import of methanol is expected at 4.5 Mt. Meanwhile, with the startup of three mega-methanol projects – Shenhua Baotou, Shenhua Ningmei and Datang Duolun in H2 2010, and the existing methanol producers, China's methanol production will be more than 17 Mt. So, China's total apparent consumption of methanol will reach 21.5 Mt in 2010.

China Methanol Balance (kt)

	Production	Import	Export	Consumption
2007	10760	845	563	11042
2008	11120	1434	368	12186
2009	11231	5288	14	16505
2010E	17000	4500	10	21490

Source: China Customs, ASIACHEM Consulting

MeOH Import Accounts for Total Consumption



Source: ASIACHEM Consulting

ASIACHEM™ – The Coal Chemical Consultancy

Kindly Notice:

The 5th China CTL & CoalChem Forum 2010 will be held on July 28 in Taiyuan, Shanxi Province. The upcoming conference will focus on how to develop new methanol downstream applications, such as Methanol to Gasoline (MTG), Methanol to Aromatics (MTA), and Methanol to Olefins (MTO) and so ease the domestic surplus of methanol capacities.

For more information, please visit: www.chinacoalchem.com/events/2010CTL