CCM Data & Business Intelligence

Production and Market of Paraformaldehyde in China

The Thirteenth Edition

May 2017

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1. Introduction

This report is the 13th edition, based on the former one finished in March 2016 focusing on the situation of China's paraformaldehyde (PF) industry in 2016 and Q1 2017, as well as forecasting its future development trend. The report is formulated in March 2017 and aims to disclose the latest production and market information of China's PF industry. The data for 2016 and before are based on CCM's database and other various sources as mentioned in the section of methodology below.

2. Approach for this report

The report is based on data sourced by diverse methods, which are listed as follows:

- Desk research

Desk research includes access to published magazines, journals, government statistics, industry statistics, customs statistics, association seminars as well as information on the Internet. Much work has gone into the compilation and analysis of the information obtained. Where necessary, information has been checked and discussed internally related to market structure and performance characteristics as key producers, key end users, production levels, end user demand and so on.

- Field survey

CCM has conducted an extensive field survey using telephone interviews in order to survey the PF market in China.

The interviewees included the following groups:

- Key producers
- Key end users
- Key traders
- Material suppliers
- Associations involved
- Industry experts

- Network search

CCM employs a network to contact industry participants by using B2B websites and software.

- Data processing and presentation

The data collected and compiled was variously sourced from:

- CCM's database
- Published articles from periodicals, magazines, journals and third party databases

- Statistics from governments and international institutes
- Telephone interviews with domestic producers, joint ventures, service suppliers and government agencies
- Third-party data providers
- Customs statistics
- Comments from industrial experts
- Professional databases
- Information from the Internet

The data has been combined and cross-checked to ensure that this report is as accurate and methodologically sound as possible. Throughout the process, a series of discussions were held within CCM to systematically analyze the data and draw appropriate conclusions.

3. Executive summary

China's paraformaldehyde (PF) industry has witnessed a fast development in the past few years.

Production

The domestic PF production is mainly located in Hebei, Shandong and Jiangsu provinces, relying on abundant supply of raw materials especially methanol and convenient transportation.

As of March 2017, there have been about XXX PF producers in China, with a total capacity of XXX t/a, with a year-on-year growth rate of XXX. The domestic PF capacity is estimated to keep increase to XXX t/a at the end of 2017 along with the launch of newly-built production lines.

With the increasing PF capacity, China's PF output has increased substantially, with a CAGR of XXX from 2006 to 2016. And China's output of PF reached XXX tonnes in 2016, increasing by XXX over that of the previous year.

Import and export

China is still a net PF importer, though its PF export volume had increased rapidly since 2009.

After witnessing a continuous decline from 2005 to 2009, the import volume of PF in China had rebounded and kept increasing from 2010 to 2011, driven by the fast development of domestic downstream industries including coating, ink, adhesive, China's PF import volume increased from XXX tonnes in 2009 to XXX tonnes in 2010, up by XXX year on year, and then it increased to XXX tonnes in 2011, with a year-on-year growth rate of XXX. The PF import volume declined a little to XXX tonnes in 2012 because some end users consumed homemade PF instead of imported PF. In 2013, the PF import volume increased sharply to

XXX tonnes because domestic resin producers had to import more PF to satisfy their resin production and the rapidly increasing demand for PF from the domestic glyphosate industry was also an important reason. In 2015, the PF import volume decreased to XXX tonnes. And in 2016, it increased to XXX tonnes, up by XXX year on year.

With low price and good product quality, Chinese PF has been more and more popular with overseas PF consumers in recent years. The export volume of Chinese PF hit a record high in 2014, reaching XXX tonnes. The fast growth of export volume was mainly attributed to these countries/regions, including Bangladesh, Taiwan Province, Brazil, Russia, South Korea, etc. The export volume of PF in 2015 had a little decrease because of the gloomy economy in the world. Although the export volume of PF decreased to XXX tonnes, the net import volume decreased to the historical low in 2015. In 2016, China's PF export volume decreased by XXX year on year.

Technology

In China, there are still two main technologies to produce PF, namely rake drying method and spray drying method. Although the rake drying method still lags behind the spray drying method both in quality and environmental friendliness, it is adopted by most Chinese PF producers due to its low investment amount. As of March 2017, XXX producers adopted rake drying method with a share of about XXX by capacity.

Price

Generally, the price fluctuation of PF in China is greatly influenced by raw materials, methanol or formaldehyde. In 2016, the average ex-works price of PF kept decreasing to XXX.

Consumption

In China, PF is mainly consumed in agrochemical, resin and pharmaceutical industries, etc. The agrochemical industry is the largest consumption field of PF, taking up XXX of the total domestic PF consumption in 2016. The PF consumption volume in agrochemicals, mainly including glyphosate, acetochlor and butachlor, was XXX tonnes in 2016, up by XXX year on year. Moreover, glyphosate technical (AEA pathway) is the largest end use segment, and the consumption of PF in glyphosate accounted for XXX of that in agrochemical industry and XXX of the national total in 2016. The consumption of PF in resin industry decreased by XXX, accounting for XXX of the national total in 2016.

4. What's in this report?

Note: Key data/information in this sample page is hidden, while in the report it is not.

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2 Production situation of paraformaldehyde in China

2.1 Producers in China

There are XXX producers of PF have been focused on in this report. As of March 2017, CCM finds,
- XXX of them are active producers;
- XXX of them are potential producers.

These XXX potential producers include those finished construction in 2016 but have not put into production yet, those under construction and those have just published environment impact assessment of PF projects as of March 2017.

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Table 2.1-2 Capacity and output of major PF producers in China, 2012-2016

No.	Producer	Capacity, t/a					Output, tonne				
		2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
1	Zhenjiang LCY	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2	Xinle Yongxing	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3	Jizhou Yinhe	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4	Nantong Jiangtian	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
5	…	…	…	…	…	…	…	…	…	…	…

Source: CCM

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2.2 Production situation

2.2.1 Capacity and output

After years of rapid growth, China's PF capacity kept increasing from XXX t/a in 2002 to XXX t/a in 2011, but it decreased to XXX t/a in 2012 because of several small PF producers, which had weaker competitiveness under the circumstances of overcapacity and sluggish PF market in recent years, had stopped PF production. The PF capacity increased sharply in 2013 along with the launch of some new PF production lines and had a slight increase to XXX t/a in 2014 because of Jiangsu Sanmu's launch of its XXX t/a PF project.

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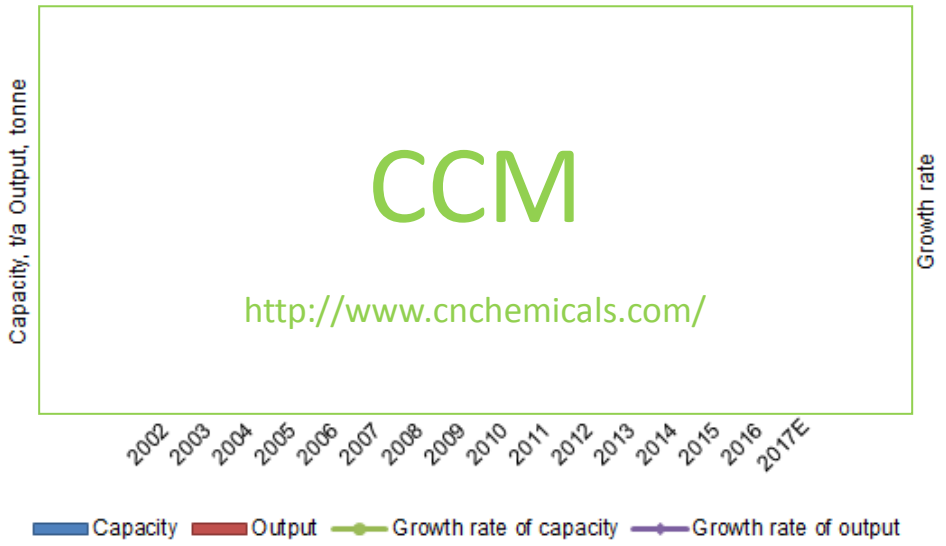
Figure 2.2.1-1 Capacity and output of PF in China, 2002-2017E



Note: "E" means estimated.

Source: CCM

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3 Import & export analysis of paraformaldehyde in China

3.1 Overall situation of import and export

With the development of domestic PF, the domestic PF witnesses high quality and low price in recent years; therefore, it is more and more popular with customers at home and abroad. From 2010 to 2014, the export volume of PF in China kept increasing, while its import volume kept at a low level.

In 2015, both export volume and export price of PF in China decreased, down by XXX and XXX respectively compared with those in 2014.

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Table 3.1-2 China's imports and exports of PF, 1992-2016

Year	Import			Export		
	Import volume, tonne	Import value, USD	Average price, USD/t	Export volume, tonne	Export value, USD	Average price, USD/t
1992	XXX	XXX	XXX	XXX	XXX	XXX
1993	XXX	XXX	XXX	XXX	XXX	XXX
1994	XXX	XXX	XXX	XXX	XXX	XXX
…	…	…	…	…	…	…
2015	XXX	XXX	XXX	XXX	XXX	XXX
2016	XXX	XXX	XXX	XXX	XXX	XXX

Source: China Customs

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4 End use segments of paraformaldehyde in China

4.1 Consumption pattern

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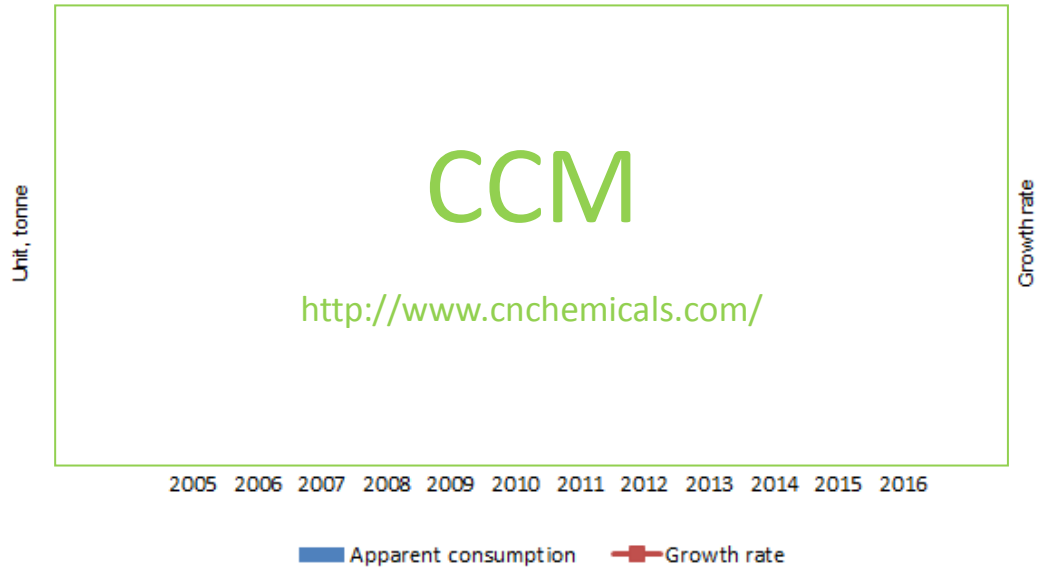
Figure 4.1-1 Apparent consumption of PF and its growth rate in China, 2005-2016



Source: CCM

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Figure 4.1-2 Consumption pattern of PF in China by downstream industry, 2005–2016

Source: CCM

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5 Forecast on paraformaldehyde industry in China

5.2 Forecast on supply and demand of paraformaldehyde, 2017-2021

5.2.1 Demand forecast to 2021

Since the domestic glyphosate industry contributes to about XXX of the domestic demand of PF, the future trend of PF demand in China is similar with the development trend of the domestic production of glyphosate technical.

PF demand in China is expected to keep increasing from 2017 to 2021. It's predicted that PF demand will be XXX tonnes in China in 2021, with a CAGR of XXX in 2017–2021.

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Figure 5.2.1-1 Forecast on PF demand and its growth rate in China, 2017-2021.

Source: CCM

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If you want more information, please feel free to contact us.

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