Il Production and Market Info of Lactic Acid in China

II-1 Current Production Situation of Lactic Acid

II-1.1 Summary of Producers

- Current producers

Up to march 2007, there are thirteen active lactic acid producers with the total production capacity of 110,500 t/a. One producer is idled but still have the valid production capacity 500 t/a.

Among the active lactic acid factories, there are three producers which production capacity over 10,000 t/a, including......

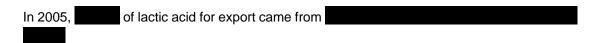
Table II-1.1-1 The manufacturers of lactic acid in China in 2006

No.	Abbr.	status	location	Ownership	Launch	Est.capacity'	Est.output'
					time	07(t/a)	06(t/a)
V-1-01							
V-1-02							
V-1-03							
V-1-04							
V-1-05							
V-1-06							
V-1-07							
V-1-08							
V-1-09							
V-1-10							
V-1-11							
V-1-12							
V-1-13							
V-2-01	Zhaodong aier	Potential	Heilongjiang	Privates Enterprise	2007	5,000	0
V-3-01	Shanghai shenxia	Idled	Shanghai	Privates Enterprise	2005	500	0
V-4-01	Shanxi xinyuan	stopped	Shanxi	Privates Enterprise	2000	1,500	0
V-4-01	Guangshui minzu	stopped	Hubei	Privates Enterprise	1996	0	0
	Total	-	-	-	-		

II-4 Import and Export analysis

II-4.1 Export analysis

The total export volume in 2003 was only 6,848.405 tonnes, and this volume reached 11,029.995 tonnes with the increasing rate of 61.06% in 2004. In 2005, the export volume achieved a huge progress with an amazedly increasing rate 70.81% and the total export volume reached 18,840.532 tonnes.



Lactic acid was mainly exported to Europe countries such as Netherlands, Belgium, Poland, Russia, Spain and Brazil, etc. Japan, United States and Taiwan are also the export destination of Chinese lactic acid.

Comparing to the lactic acid in Europe and Japan, Chinese lactic acid has a great advantage in price. The export price in recent years kept a low level about

- About export price

Table II-4.1-1 Export price of lactic acid in 2003~2005

	2003			2004	2005		
Month	Quantity(t)	Unit price(USD/kg)	Quantity(t)	Unit price(USD/kg)	Quantity(t)	Unit price(USD/kg)	
Jan	229.170	0.86	643.400	0.79			
Feb	552.925	0.79	600.600	0.75			
Mar	951.625	0.82	739.406	0.82			
Apr	515.800	0.79	873.300	0.83			
May	500.200	0.76	646.038	0.79			
Jun	515.174	0.87	737.721	0.81			
Jul	641.100	0.83	1,242.120	0.87			
Aug	700.060	0.80	1,220.980	0.89			
Sep	595.250	0.83	1,009.525	0.84			
Oct	459.811	0.83	1,068.515	0.86			
Nov	476.900	0.82	1,007.260	0.90			
Dec	710.390	0.89	1,241.130	0.89			
Total	6,848.405	0.82	11,029.995	0.85			

II-5 Consumption Patterns of Lactic Acid

II-5.1 Consumption situation of lactic acid in China

The output of lactic acid was kept increasing in 2003~2006 with the average annual growth rate of paparent consumption was From the two data, it can be seen that domestic consumption of lactic acid increased slightly.

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Table II-5.1-1 The apparent consumption of lactic acid in 2003~2006

Item	2003	2004	
Output	39,300	45,000	
Import	1,426	1,691	
Export	6,848	11,029	
Apparent consumption	33,878	35,662	

Note: Export and import volume of lactic acid in 2006 are estimated.

Table II-5.1-2 Consumption pattern of lactic acid in 2006

Area	quantity(t)	Percentage
Cosmetic industry	1200	
Others	500	
Total		