

## I-2 The current production situation in China

As China has become the biggest market of masterbatch and the market is the most flourishing in the world with the fastest annual growth rate of over 20%, many foreign enterprises have been attracted to rush to invest in China's masterbatch industry since 1990s. Ngai Hing Plastic Materials Ltd. is the first overseas company to invest in Chinese masterbatch industry in 1988 in Dongguan. Claraint Chemicals has started to sell its masterbatch since early 1990s and built its first production base in Guangzhou in 1995. Toyo Ink started its masterbatch production in Shanghai in 1995.

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Table I-2-1 Major multinational enterprises producing masterbatch in China

English name	Location	Start-up time	Capacity 2008 (Unit: t/a)	Output 2007 (Unit: tonne)
		2002		
		1995		
		1995		
		2000		
		1999		
		2005		
		1997		

### I-2.1 Overview of masterbatch production and producers

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The top 99 producers produced 364,490 tonnes masterbatch in 2007, accounting for 78.90% of the total output in the domestic market.

Table I-2.1-1 Situation of China's producers, by capacity in 2008 and by output in 2007

Capacity range	Number of producers	Capacity in 2008		Output in 2007	
		Capacity (t/a)	Share	Output, t	Share
More than 10,000t/a					
3,000~10,000t/a					
500~3,000t/a					
Less than 500t/a					
<b>Total</b>					

### I-2.2 Introduction to major types of masterbatch, by color

The production of masterbatch by color has changed a lot from 2003 to 2007. The share of the largest two types of masterbatch, white masterbatch and black masterbatch, has decreased a lot due to the rapidly growing production of colored masterbatch and additive masterbatch.

Table I-2.2-1 The production structure of masterbatch in 2003~2007, by color

Type	2003		2004		2005		2006		2007	
	Output	Share	Output	Share	Output	Share	Output	Share	Output	Share
White										
Black										
Color										
Additive										
Total										

### I-2.3 Introduction to major type masterbatch, by grade

Masterbatch can be classified into three grades according to the processes of downstream products and they are: injection grade, blow molding grade and fiber grade. The masterbatch of these three grades are different in price and quality, but there are general products that can be used in all of these above processes. The injection grade masterbatch is used in most plastic products, such as appliances including furniture, architectural materials, wire and cable, electric equipment, automobile and so on. The blow molding grade masterbatch is mainly used in plastic bottles, bags and films. The fiber grade masterbatch is used in textile and non-woven materials.

Table I-2.3-1 The production structure of masterbatch in 2003~2007, by grade

Year		Injection grade	Blow molding grade	Fiber grade	Total
2003	Output				
	Share				
2004	Output				
	Share				
2005	Output				
	Share				
2006	Output				
	Share				
2007	Output				
	Share				

## III Market situation of masterbatch in China

### III-1 Overview of masterbatch market (2003-now), by color

The market structure of masterbatch by color has changed a lot since 2003. Though the percentage of each type masterbatch hasn't changed much, the structure between domestic and imported product has changed a lot. The volume of masterbatch purchased from abroad has decreased greatly, with the development of China's masterbatch production and the larger and larger foreign investment in China's masterbatch industry.

Table III-1-1 The consumption growth of masterbatch in 2003~2007, by color

Masterbatch specie		2003	2004	2005	2006	2007
White	Consumption tonne	██████	██████	██████	██████	██████
	Growth rate	██████	██████	██████	██████	██████
Black	Consumption tonne	██████	██████	██████	██████	██████
	Growth rate	██████	██████	██████	██████	██████
Colored	Consumption tonne	██████	██████	██████	██████	██████
	Growth rate	██████	██████	██████	██████	██████
Additive	Consumption tonne	██████	██████	██████	██████	██████
	Growth rate	██████	██████	██████	██████	██████
Total	Consumption tonne	██████	██████	██████	██████	██████
	Growth rate	██████	██████	██████	██████	██████

### V Investment opportunities of masterbatch in China

The potential investment opportunities of Chinese masterbatch industry will emerge in central China and west China in future because of the following reasons.

- ✓ The market of masterbatch is already very saturated and mature in the eastern part of China, since many large producers have already set up complete sales channels and stable procurement systems there.
- ✓ As the industrial upgrade has started in eastern part of China, the labor-intensive industries, such as plastic industry, textile industry, electronics assembly industry, etc. will witness a slower growth rate or even decline in the future. It's estimated ██████████

CCM's research mainly focuses on the major 12 provinces or autonomous regions located in Central China and West China, including ██████████

