

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

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1.2 Government policy toward citric acid industry in China

Influences from government policy on citric acid industry have been tremendous in China, which mainly embodied in the aspects of raw materials supply, environment protection and export management.

- Policies on orderly raw materials supply

On Sept. 2007, The National Development and Reform Commission of People's Republic of China issued a policy to guide the healthy development of corn deep processing industry, aiming to prevent overheating and blind growth that may intensify the oversupply of corn and would bring negative effects on the development of feed industry and drive up corn price.

This policy clearly aims to restrict the overcapacity and over-reliance on exports in corn deep processing industries, such as citric acid and lysine industries. This policy is one reason for the development of domestic citric acid industry has become slow in recent years, with a CAGR of about ■■■% in output during 2008–2012, far below the ■■■% during 2000–2007.

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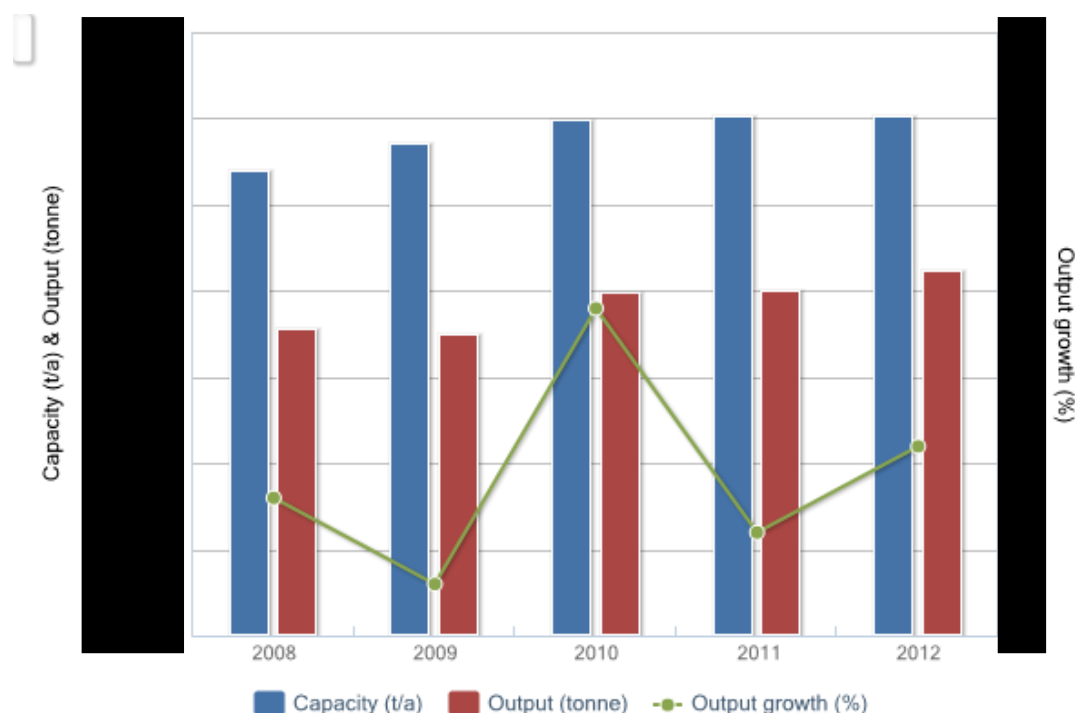
3.1.1 Summary of citric acid production

During the past five years, the capacity and output of citric acid presented a slight growth in China. The major reasons for the low growth rate are listed as follows:

Firstly, due to the rising price and intense supply of raw material in the recent years, the profit margin of most companies was squeezed, which made most citric acid producers unwilling to expand their production for citric acid in the past five years. What's more, as the citric acid industry develops in China, the competition between domestic enterprises is becoming more and more intense. Also some small scale enterprises have to close due to failure to meet the strict emission requirement by the Chinese government.

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Figure 3.1.1-1 Production situation of citric acid in China, 2008–2012



Source: CCM

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3.3.1 Antidumping issues involving China's citric acid

As an important organic acid, citric acid is widely used in food, pharmaceutical and chemical industries. The lasted market demand expansion has stimulated the development of China's citric acid industry, and China has become the biggest citric acid production and export centre since 2000, with its yearly export volume occupies about █% of the total global trade volume.

Due to the swift and violent investment in citric acid industry, the domestic capacity has expanded fast and exceeded the local demand. In order to occupy more oversea market, the competition of price is in ceaseless aggravation. What's more, China has abundant raw materials, advantageous chemical infrastructure and low labor cost, its manufacturing cost is often lower than other citric acid countries. These had caused China's citric acid meet with antidumping issues repeatedly.

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3.4.1 Consumption pattern of citric acid

Generally speaking, citric acid is mainly applied in food, beverage, detergent, pharmaceutical industries and so on. In 2012, about █% of the domestic citric acid is consumed in food and

beverage industry.

In 2009, the apparent consumption of citric acid decreased obviously due to large inventory and sluggish growth of demand in food and beverage industry. On one hand, due to the financial crisis, the demand for citric acid increased in 2008. As a result, there were large inventory in 2008 as the domestic citric acid producers had not anticipated that the export volume of citric acid reduced obviously in 2008. In detail, the inventory of citric acid reached about [REDACTED] tonnes in 2008 while it was only [REDACTED] tonnes in 2007. On the other, there were some serious food safety incidents in China in 2008, such as the melamine milk scandal. These food safety incidents had added people's fear for food quality and indirectly reduced the demand for citric acid in food and beverage industry in 2009.

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Table 3.4.1-1 Domestic apparent consumption of citric acid in China, 2008–2012, tonne

Year	Output	Export volume	Import volume	Apparent consumption volume	Actual consumption volume
2008	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2009	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2010	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2011	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2012	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Source: CCM

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