

II-1.2 Summary of production

- Production situation in China in these two years

China's acrylic industry develops rapidly. It is obvious that there is a typical feature in the production of acrylic acid in China. As mentioned above, the capacity of acrylic acid in China is enlarged significantly in recent two years. It is reported that the newly increased capacity of acrylic acid in the world in recent years focuses on China. Meanwhile, the output of acrylic acid in China climbs greatly.

The acrylic acid capacity in China in 2005 reached 564,000t/a, accounting for 13.6% of the global capacity and became the third top producers of acrylic acid in the world. The capacity in 2006 is increased to xxx t/a, being xxx % up from 2005. The output in 2006 will reach xxx t/a, around xxx % up from 2005.

The new-increased capacity of acrylic acid in China in 2005 reached 339,000t/a, and that in 2006 amounts to xxx t/a. Here is past production situation of acrylic acid in China.

Table II-1.2.1 Production situation of acrylic acid in the past years in China (Unit: t)

Year	Capacity	Annual growth rate	Output	Annual growth rate
2001	141,000	N/A	147,500	5.58%
2002	xxx	xxx	xxx	xxx
2003	xxx	xxx	xxx	xxx
2004	xxx	xxx	xxx	xxx
2005	564,000	150.67%	373,000	119.41%
2006	xxx	xxx	xxx	xxx

Here are some reasons for the jump of production:

- ✓ Before 2005, the price of acrylic acid climbs rapidly, which brought in the upsurge of capacity enlargement. The rising price in 2004 and 2005 benefited the manufacturers of acrylic acid and stimulated the production of acrylic acid.
- ✓ The great demand for acrylic acid from the downstream industries propelled the production of acrylic acid. In recent years, Chinese industrial economy made a great progress and brought in the market requirement of chemical raw materials including acrylic acid. Application of acrylic acid is broadened and more and more acrylic acid is needed. In these years, its consumption in SAP rises year by year presently.
- ✓ For a long period in the past, the gap between supply and demand stimulated the production of acrylic acid. The supply could not satisfy the market demand, and a large amount of acrylic acid should be imported from abroad. Before the antidumping policy in China, there was a deep gap between supply and demand of acrylic acid.

In 1996, the supply gap of acrylic acid was 23,800t, and it reached 178,400t in 2002. The domestic self-support rate rose year by year. On the other side, the import increased from 2,080t in 1996 to 108,800t in 2002.

- ✓ In 2002, the Chinese government announced the antidumping policy, import of acrylic acid and its ester was inhibited largely, which stimulates the domestic production of acrylic series. The output of acrylic acid in 2003 was 154,800t.

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II-5 Import and export analysis in 2003~2005

In recent years, the consumption growth of acrylic acid propelled its import. Before the first half of 2005, the import of acrylic acid was far more than the export volume in China. And the import volume of acrylic acid continued to rise year by year. However, the import began to decrease in the second half of 2005. In respect of export, the situation stays stable in these years. China exported a little acrylic acid each year. And in 2005, the export volume of acrylic acid in China began to rise.

II-5.1 Import analysis

- About import price & volume in each month in 2003~2005

In 2003 and 2004, import of acrylic acid in China continued to rise. The import volume in 2003 was 109,640.233t, and that in 2004 reached 114,207.737t. The import growth rate in 2003 began to fall rapidly compared that before. The Chinese government issued an order of anti-dumping measure in return to the acrylic acid dumping of other countries. After its implement, import met obstacle.

In 2005, import of acrylic acid began to decrease. Here are some reasons: One reason lies that the domestic output of acrylic acid has great increase and tends to satisfy the Chinese market demand in these two years. The other is that the output in the globe did not have significant advance. In the past three or four years, the price of crude oil in the world market rose on and on, which made the price rise of propylene and other raw materials for producing acrylic acid. On this ground, production of acrylic acid brought little profit. Therefore, No installations or production lines with large capacity were set up overseas.

Table II-5.1.1 Import price of acrylic acid in recent years in China

Time	2003		2004		2005	
	Quantity/ t	Price/ USD/ t	Quantity/ t	Price/ USD/ t	Quantity/ t	Price/ USD/ t
Jan	11,164.005	720.06	12,914.838	981.26	9,753.916	1,585.71
Feb	8,330.541	730.15	14,644.386	1,015.80	8,129.612	1,484.70
Mar	7,789.890	771.99	12,305.504	1,178.38	15,189.872	1,437.80
Apr	12,168.722	794.19	9,868.576	1,228.64	11,287.324	1,585.64

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