

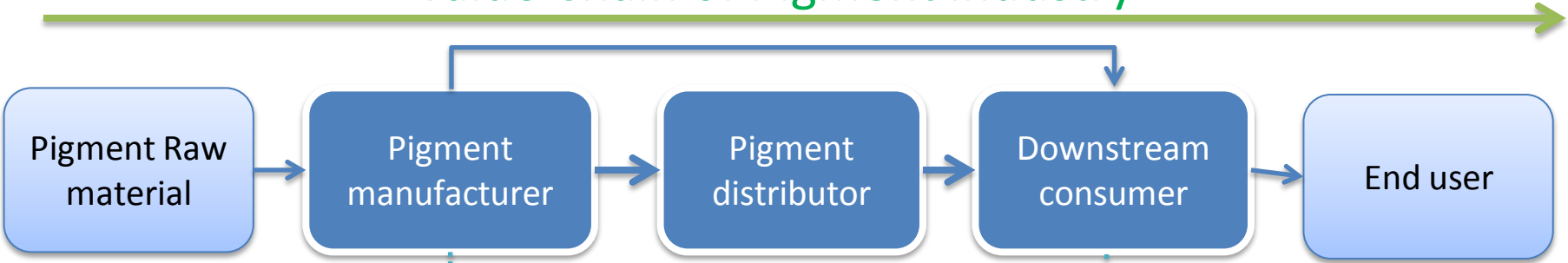
Future of Asia's Pigments Market

An on-line survey of CCM

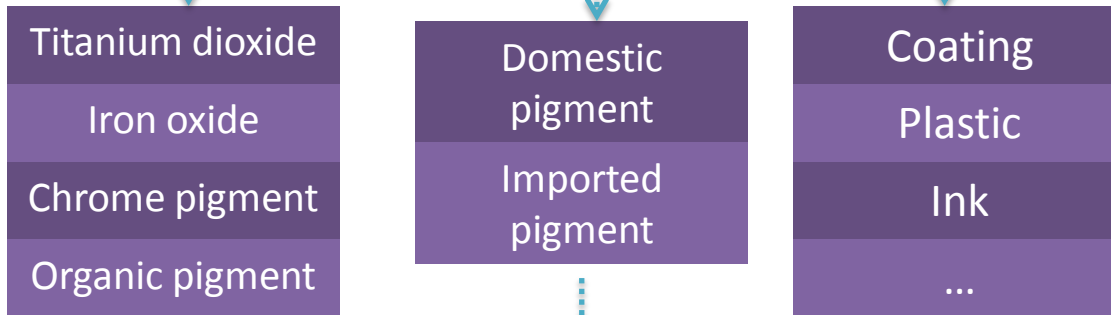
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Introduction of this project

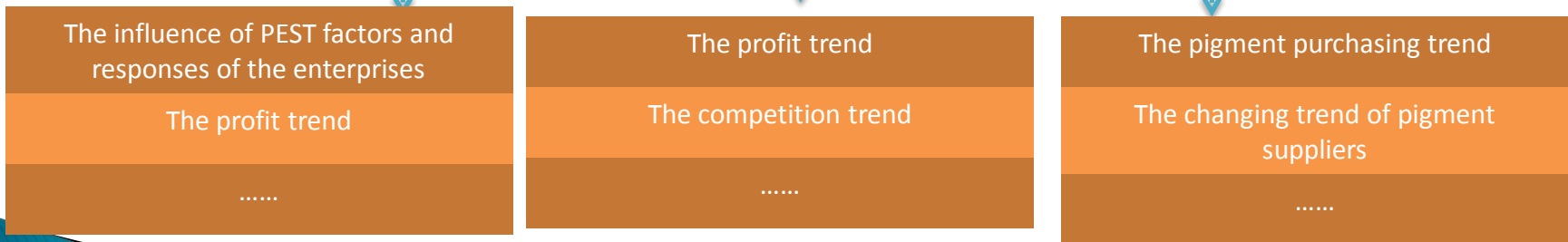
Value Chain of Pigment industry



Participants in the survey



Questionnaire design target



- CCM sent nearly 400 questionnaires to manufacturers, distributors and downstream consumers of pigment industry in China. Follow-up telephone interviews sought their more detailed opinions. To ensure that the people answering the questionnaire had as much knowledge as possible about the products they were dealing with, and to ensure their answers reflect the overall situation in China, the analysis excluded any response that did not seem rational even after a telephone interview.

Types of companies answering the questionnaires

	Received	Qualified	Overall pool (N)	Confidence interval	Deviation
Pigment manufacturer	67	54	200	90%	10%
Pigment distributor	32	28	500	85%	15%
Downstream consumers	52	47	> 2000	85%	10%
Total	151	129			

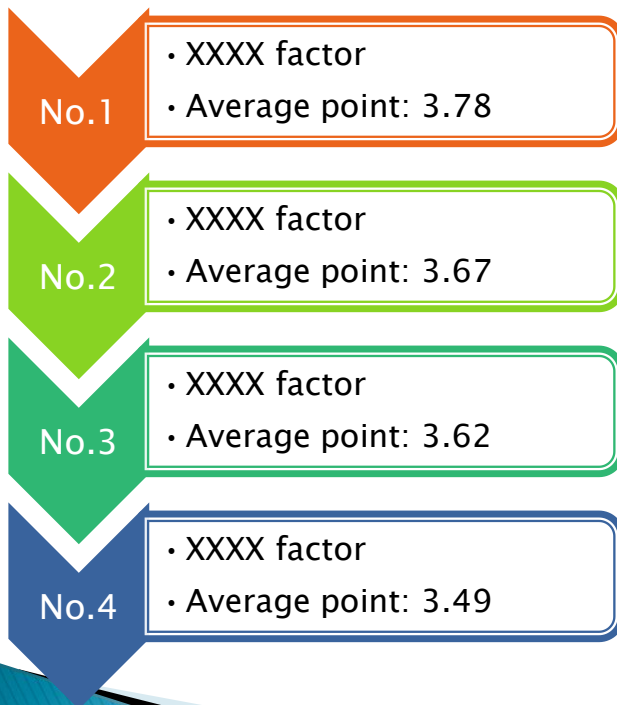
Impact of PEST factors towards China's pigment industry

Interviewee: Pigment manufacturers in China

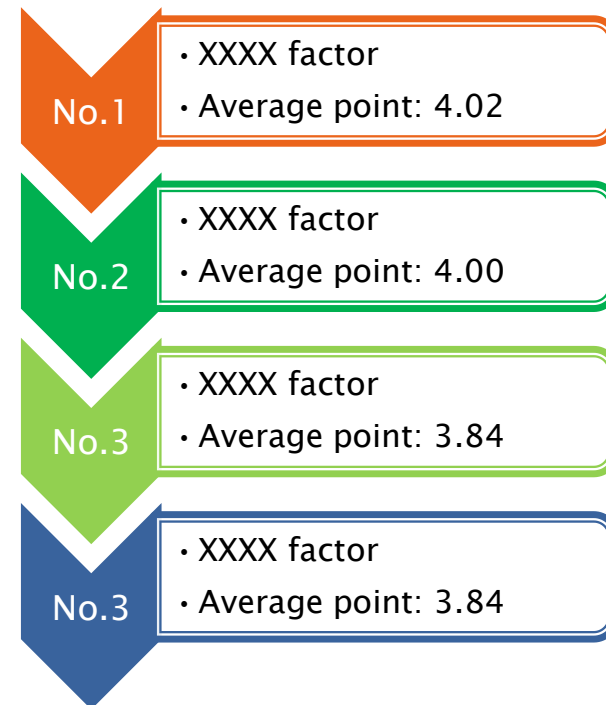
Q: How do you evaluate the importance of various PEST factors to China's pigment industry in 2011–2013 and compare it with 2014–2016? (5=most important, 1=least important)

It is found that the XXXX factor is the most important factor influencing China's pigment industry in the eyes of manufacturers. In addition, it is also believed that the XXXX factor will play a more important role in the future.

Respondent's views, 2011-2013



Respondent's views, 2014-2016



Overview of political environment in China

Generally, the political factor plays an important role in the economy of China. On one hand, the policies issued by the Chinese government have strong impact, positively or negatively, on many industries in the country. On the other hand, the government, to some extent, participates in the economic activities directly. During the last few years, government procurements have taken an inevitable share in some industries in China.

The overall political environment is stable in China. As a one-party state, the general political environment of China is stable, without obvious changes. In addition, the term of government in China lasts for 5 years officially, but usually 10 years in practice. Therefore, its general policies show a coherent trend.

2013 is the election year of the Chinese government. With the new government coming into power from 2013, it can be found that the policy direction is different from the last term. Though both governments are concerned about the economic development, some economic policies are adjusted obviously, which have exerted some impact on the pigment industry in China.

- **Assessment change of importance of political factor**

- ✓ XXXX & XXXX manufacturers consider the political factor will play a more important role compared other factors in the future.
- ✓ ...

Pigment manufacturers' views on the importance of political factor to sub-sectors of China's pigment industry in 2011–2013 and comparison with 2014–2016 (5=most important, 1=least important)

Sub-sector	2011–2013		2014–2016	
	Average point	Ranking	Average point	Ranking
Titanium dioxide	XXXX	XXXX	XXXX	XXXX
Iron oxide	XXXX	XXXX	XXXX	XXXX
Chrome pigment	XXXX	XXXX	XXXX	XXXX
Organic pigment	XXXX	XXXX	XXXX	XXXX

Note: The ranking is based on the importance of political factor, economic factor, etc. to the sub-sector; that some factors' ranking repeats indicates they have the same importance.

The changing industrial guide policies of pigment industry in China

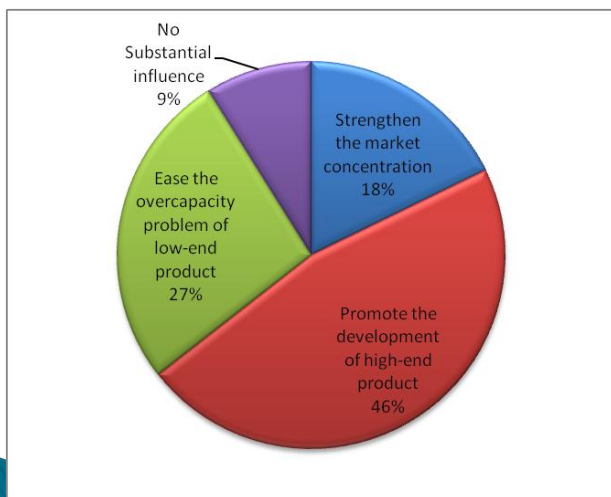
- As the pigment industry in China has confronted with overcapacity problem during the last few years, the industrial guide policies mainly focus ...
- **Titanium dioxide industry**
 - ✓ According to the *Twelfth Five-Year Plan (2011–2015) for Resource Comprehensive Usage & Industrial Development of Vanadium and Titanium*, it is ...
- **Iron oxide industry**
 - ✓ According to the *Catalogue for Guiding Industry Restructuring*
- **Chrome pigment industry**
 - ✓ According to the *Catalogue for Guiding Industry Restructuring ...*
- **Organic pigment industry**
 - ✓ According to the *Catalogue for Guiding Industry Restructuring,....*

Q: How do you evaluate the industrial policies guiding the pigment industry in China during 2011–2013?

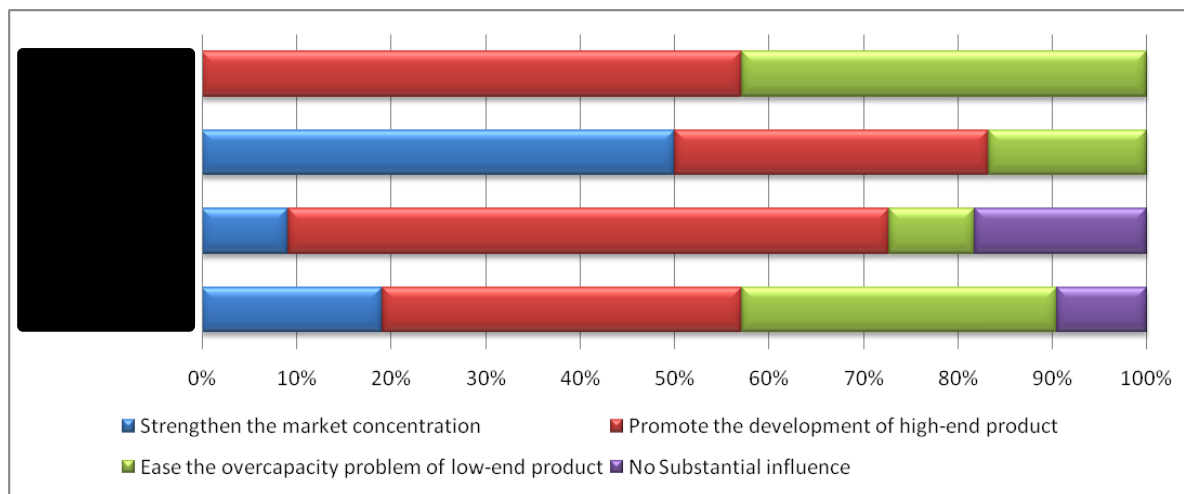
● Survey findings

- ✓ Generally, 46% of the respondents consider the policies help promote the development of high-end products.
- ✓ Specifically, 38% of the xx manufacturers, 64% xx and 57% xx manufacturers consider the policies mainly help promote the development of high-end products. In addition, ...
- ✓ In the eyes of 50% xx players, the policies mainly help strengthen the market concentration.

Views of all pigment manufacturer respondents



Views of pigment manufacturer respondents by variety of pigment



Changing financial/monetary policies in China

- **Financial/monetary policies, 2008–2011**

Since the global Financial Crisis broke out in 2008, the Chinese government has

- **Financial/monetary policies, 2012–now**

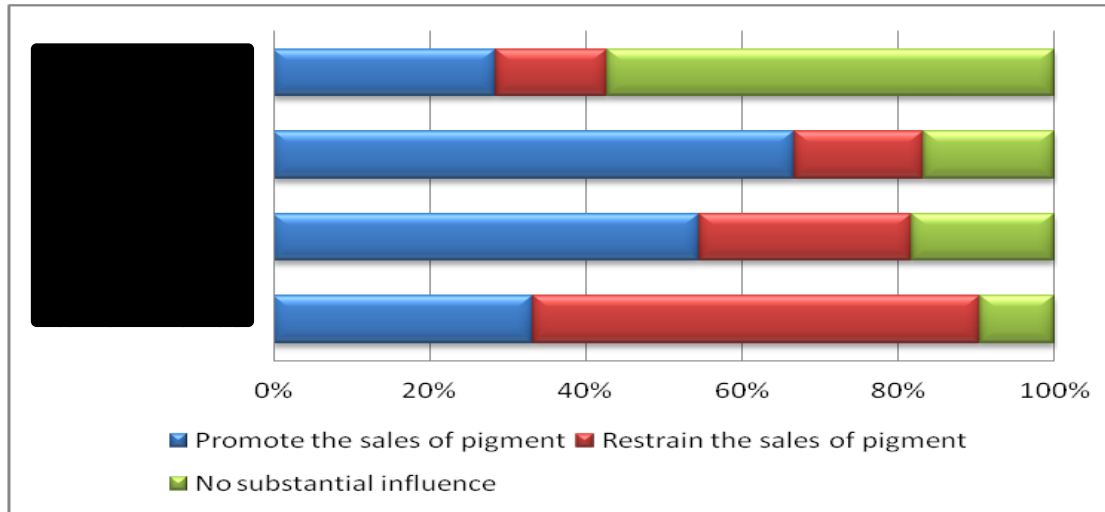
2012 witnessed the start of changes of the financial and monetary policies. In 2013,

Q: How do you evaluate the impact of financial/monetary policies on the sales of pigment since the change of government in 2013?

- Survey findings

- ✓ Generally, the respondents' view upon the influence of new financial and monetary policies is diverse.
- ✓

View of each specie of pigment manufacturer respondents



Changing environmental protection policies in China

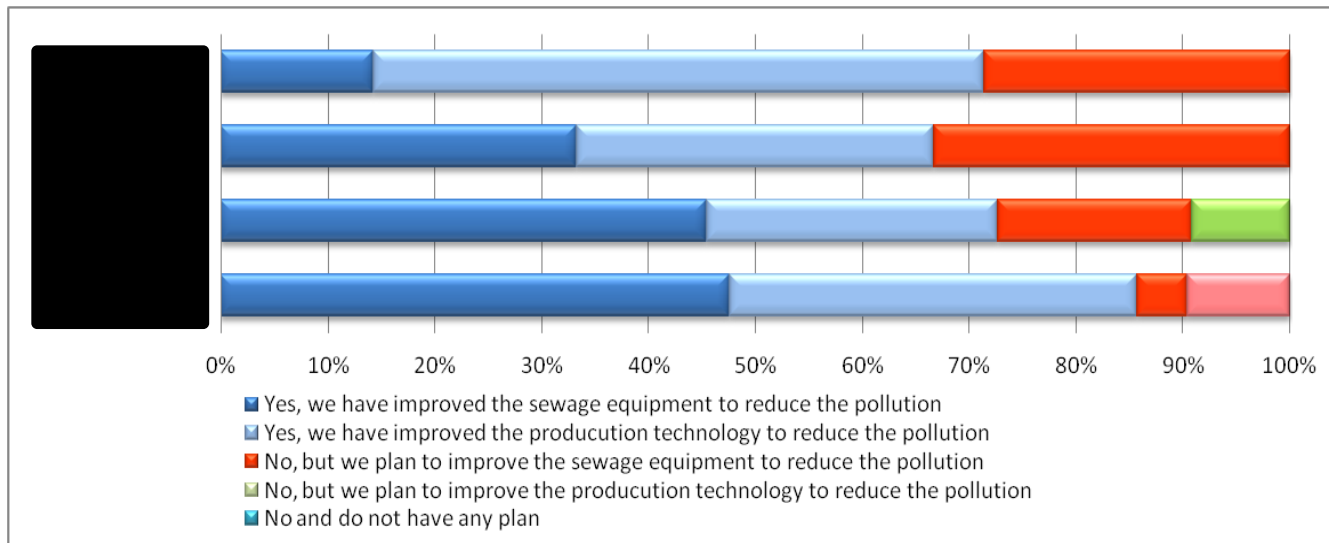
- ▶ Policies on environmental protection in China are becoming stricter in order to cope with ever severe environmental pollution. ...
- ▶ In practice,
- ▶ Under the backdrop of strict regulation on environmental protection, some industries generating heavy pollution are facing industrial reshuffle. Leading companies are.....
- ▶ In the pigment industry, the incidents on pollutions in pigment enterprises occur ...

Q: Facing the stricter environmental policies in China, has your company invested money to reduce pollution in 2011–2013?

- Survey findings

- ✓ 78% of the pigment manufacturers have invested money to reduce pollution in 2011–2013.
- ✓

Views of pigment manufacturer respondents by variety of pigment



Competition and sales of pigment in China

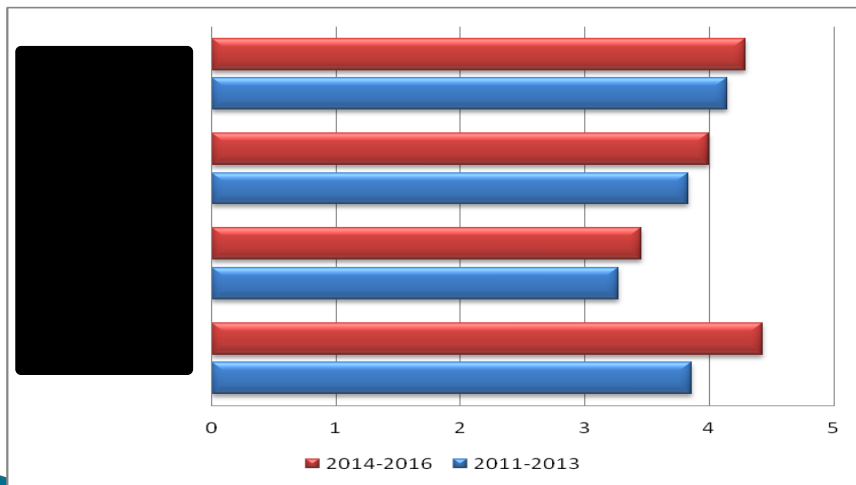
*Interviewee: manufacturers & distributors of
pigment in China*

Q:How do you evaluate the competition level of China's pigment industry in 2011-2013 and compare it with 2014-2016? (5=highest, 1=lowest)

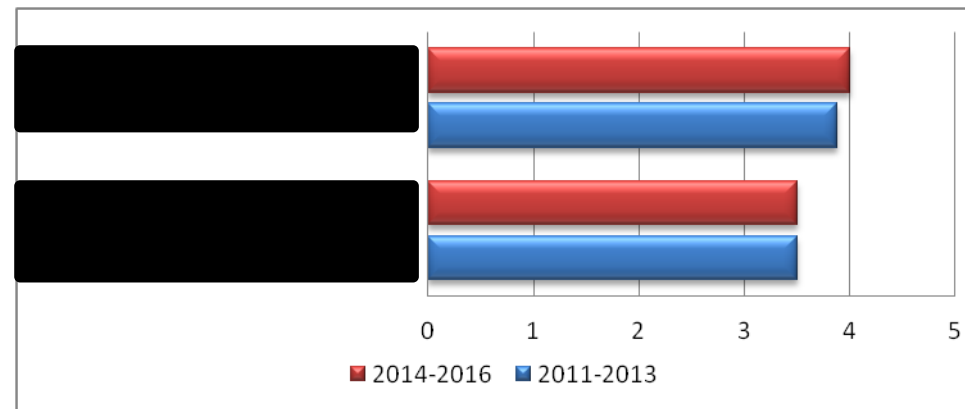
• Survey findings

- ✓ Generally, the pigment players estimate the competition level will be fiercer in 2014-2016 than that in 2011-2013.
- ✓ Among the pigment manufacturers, ...
- ✓ Among the pigment distributors, ...

Views of all pigment manufacturer respondents



Views of all pigment distributor respondents

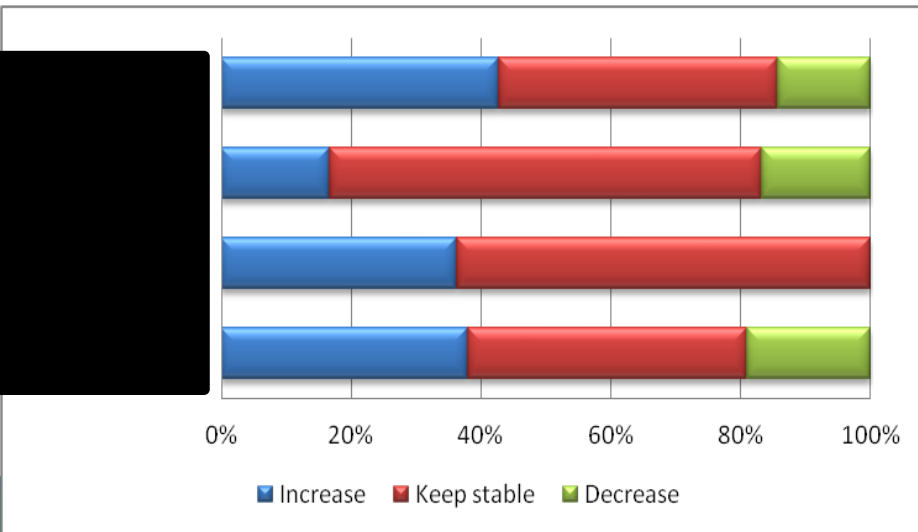


Q: Please describe the sales situation of your pigment business in domestic market in 2011–2013.

- **Survey findings**

- ✓ All in all, the sales in the domestic pigment market was stable in 2011-2013.
- ✓ There are about XXXX titanium dioxide, iron oxide and organic pigment manufacturers evaluate their pigment business have.....
- ✓ Iron oxide players are the only ones show XXXX in domestic market among the pigment manufacturers, while

View of each species of pigment manufacturer respondents

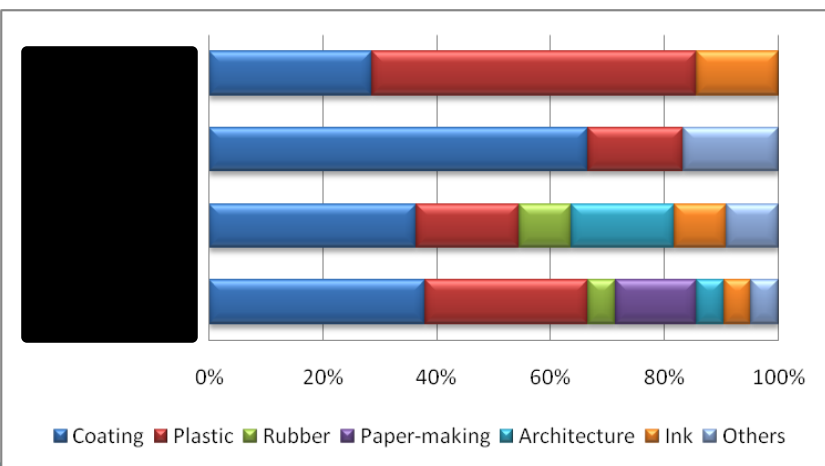


Q: Which downstream market is the fastest-growing in your pigment business in 2011–2013?

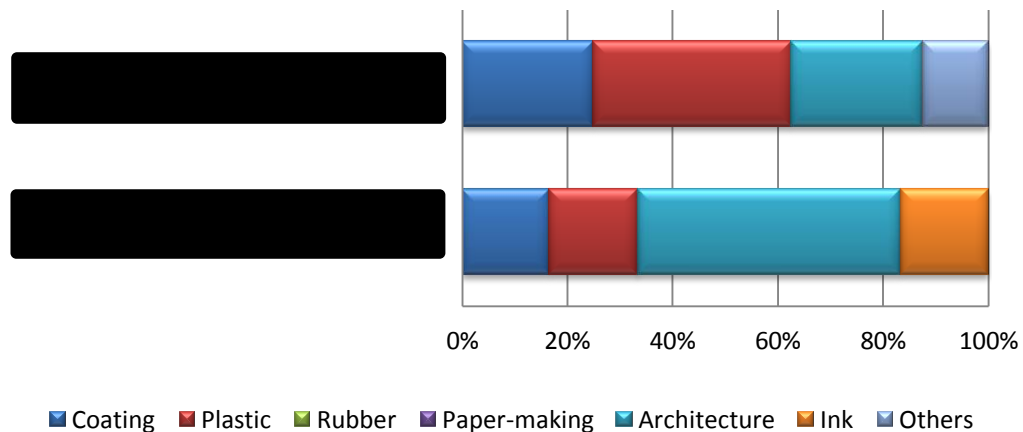
• Survey findings

- ✓ Generally, xx is the fastest-growing downstream industry in the pigment market to most of the pigment manufacturers except xx players, while architecture is the fastest to pigment distributors.
- ✓ For organic pigment manufacturers, ...
- ✓ Architecture had ...

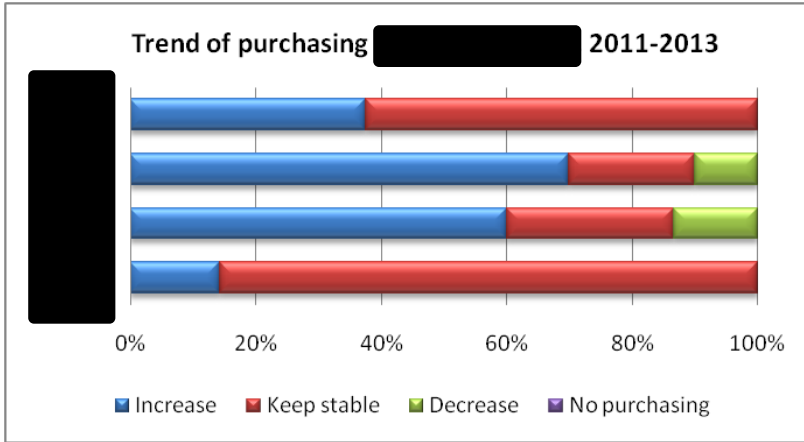
Views of pigment manufacturer respondents by variety of pigment



Views of pigment distributor respondents by variety of pigment



Q: Please describe the change of the purchasing amount of the following four pigments in 2011–2013.



- Survey findings

- ✓ The purchasing of xx showed an uptrend in the xx and xx industries during 2011–2013, while that in xx and other downstream industries kept stable.

- ✓ The purchasing of iron oxide

- ✓ The purchasing trend of xx pigment shows

