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6 spotlights on PET resin discussed in the 4th International PET & RPET Industry Forum

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The 4th International PET & RPET Industry Forum (2016) witnessed a successful ending on Nov 3, 2016 in Hangzhou. Several spotlights mentioned in the forum were concluded below for your reference.

1. PET bottle chip new capacity in 2017 and launch time?

In 2017, comparatively certain expansions include Sanfangxiang 500kt/year, Wankai 550kt/year, Yisheng Hainan 500kt/year, Chengxing 2 units with 600kt/year each. According to CCFGroup source, the first half of 2017 may see an intensive round of startup. On one flip, factories generally consider Q1 as seasonal boom might offset part of the lengthening capacities. On the other, feedstock remains at low points.

2. China domestic demand in 2017, growth comparing with 2016?

In 2017, China PET bottle chip demand may sustain marginal growth but at slower pace. The growth is generally based on two points: intensive beverage capacity expansion in 2017, including Tingyi's Guiyang and Jinzhong plant; Coca cola's north China and Changsha plant; Nongfu's Jiande and Chengde unit; Ganten's Heibel factory as well as Yinlu's Chengdu plant. Secondly, part of 2016's newly online downstream capacities will also start up. Factoring in demand growth in edible oil and PET sheet sectors or other new fields, China domestic demand increase is assessed at 200kt or plus in 2017 theoretically. But domestic selling pressure will enlarge, and producers need to control their O/R reasonably.

3. How to value the anti-dumping investigations filed by Japan and Indonesia?

Japan produces less than 300kt/year virgin PET resin annually, while actual demand is assessed around 1-1.1 million tons per annum, leaving 800kt gap to import, which primarily origins from Chinese mainland, South Korea, China Taiwan, Thailand, Indonesia and India. Among all, China takes 40-50% of the total imports. Once tough ADD is imposed, enterprises in both countries might suffer deeper losses.

As for Indonesia, local trading level is comparatively high, hence downstream plants usually turn to other suppliers. Previously, Indonesia has once rescinded its anti-dumping investigation toward Chinese PET resin in the wake of downstream rejections. Hence, we think the investigations announced recently are more likely on account of political issues, rather than real damages caused by cutthroat competition. Q1 and Q3 2017 will see the results.

4. Best site to build overseas PET resin plants and its feasibility?

Selecting the best sites, players need to take demand and local competition status into consideration. Currently, investing environment in Southeast Asia is moderate. Vietnam and the Philippines are ideal markets, where investors could utilize their competitive labor cost and location advantage--near polyester feedstock as well as target market.

5. How will the launch of MEG futures market impact PET resin market?

MEG spot trading will reduce gradually after the launch of futures market, and polyester plants might hedge through futures market to maintain breakeven or profitable. PET bottle chip trading mode is similar to futures; hence market operation may become even more flexible. However, traders' living

Submitted by Compagnie Selenis Canada

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6. Opinions on the emergence of free match service for PET resin transaction

Buy and sell match service for polyester products is tending free. We heard that some enterprises have suffered fund chain break or gone bankruptcy, as polyester plants are not as intensive as upstream feedstock units, while large downstream buyers of PET resin have comparatively greater say. It's a bit difficult for match service companies to make money if they focus on pure minimum price trade. Hence, it will be trendy for them to transform into trading company or charge commissions separately. Besides, a trinity mode also has showed up, with producer, match service and trader emerging in an integration.

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