

A Guide to Your Business in China

MARKET REPORT

2008 Report on China's Coal-to-Methanol Industry

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Description

To guarantee the country's energy source security against the background of rapid growth of oil import in the past few years, Beijing proposed the strategic plans of China's focusing on coal-based alcohol-ether fuels, methanol-based alkene, and coal-based oil. As a result, the construction of methanol projects has picked up speed, and the production capacity and output have been increasing rapidly. In 2007, the output of methanol in China reached 10.76 million tons, up by 41.9% year-on-year. And it was expected that by the end of 2008, the similar output would be 19.32 million tons. Alternatively, according to the *Exposure Draft of Mid- & Long-Term Development Plans of Coal Chemical Industry*, issued in 2006 by National Development and Reform Commission (NDRC), China's output of methanol was expected to reach 16 million tons, 25 million tons, and 66 million tons by 2010, 2015 and 2020.

Table 1: Outputs and Consumption of Methanol in China

Items	2005	2006	2007	2010	2015	2020
Outputs	5.36	7.59	10.76	16	25	66
Demand	6.66	8.53	11.05	16.2	24.5	64.9
Import	1.36	1.13	0.85	0.8	0.5	0.4
Export	0.055	0.19	0.56	0.6	0.8	1.5

Unit: million tons

Raw materials for producing methanol mainly include coal, coke, natural gas, heavy oil, naphtha, coke oven gas, acetylene off-gas, etc. Currently of the raw materials for methanol production in China, petroleum accounts for 55.2%, coal 30.0% and natural gas 14.8%. Since China is lacking in oil and gas but rich in coal, the country would be focusing on coal to produce methanol for a long period in the future.

Table 2: Prices in China's and Foreign Methanol Markets

Number	Items	Units	2002	2005	2006	2007	02/2008
1	CIF (Import)	USD/ton		246.32	269.59	570-590	450-480
	RMB	RMB/ton		2,044.4	2,102.8	3,430-3,850	3,430-3,500
2	Eastern China	RMB/ton		2,200-2,500	2,600-2,800	3,200-3,500	3,100-3,200
3	Northwestern China	RMB/ton	1,629		2,058	2,800-3,000	2,600-2,800
4	Average Prices in China	RMB/ton	1,820		2,739	2,810	3,750

This report elaborates on the development environment, production capacity, supply and demand, competitive landscape and development trend of China's coal-to-methanol industry in addition to the comparison of the operations of China's top coal-to-methanol companies. And when it's deemed necessary, the report also analyzes the environment, risks, and benefit of investing in China's coal-to-methanol industry.

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