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GlobalData

GLOBAL DEMAND, CAPACITY AND PRICES FOR METHANOL – CHINA TO REMAIN THE DOMINANT MARKET

Executive Summary

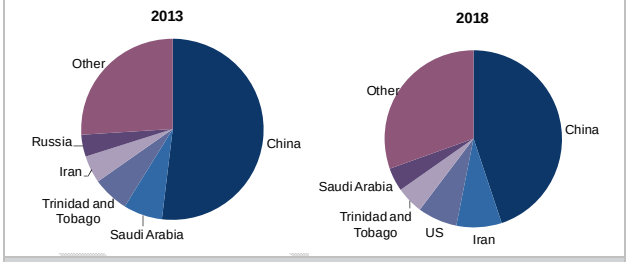
Asia-Pacific, Led by China, Drive the Global Methanol Industry

China is driving the global methanol industry, with tremendous demand from both its energy and petrochemicals sectors. It accounts for XX% of Asia-Pacific's (APAC) methanol capacity, and XX% of the global methanol capacity. Despite a large planned capacity increase in other countries, China will remain the dominant power in the methanol industry, with a share of XX% of the global capacity by 2018.

China has huge demand for methanol for gasoline blending in the transportation fuel sector, and its plan to implement a mandatory XX% blending in gasoline is likely to see methanol consumption increase substantially in the future.

In the petrochemicals sector, methanol demand is driven by the adhesives, solvents, foams, plastics and paints industries. Steady growth in the Chinese economy is likely to create more demand from these sectors, and drive capacity. Furthermore, plans to develop additional Methanol to Olefins (MTO) capacity is forecast to occur in China. There are five active MTO plants in the country, as well as XX planned MTO facilities with a capacity of around XX million metric tons per year (mmty). Once all of these plants are operational, the requirement for methanol to be used as a feedstock will increase, and result in more methanol capacity being constructed. The following figure shows the estimated global methanol capacity share by country in 2013 and 2018.

Methanol Industry, Global, Capacity by Country (%), 2013 and 2018



Source: GlobalData, Petrochemicals eTrack [Accessed on June 13, 2014]

China and the US to Add the Most Capacity in the Next Five Years

China and the US will be the largest contributors to methanol capacity, and will account for XX% of the global capacity addition over the next five years. In China, a demand-side push will drive capacity expansions, in turn increasing local methanol production. The country has XX planned methanol plants, with a total capacity of XX mmty. In the US, the capacity expansion will be driven by increasing shale gas production, which provides abundant and cheap natural gas feedstock for methanol production. There are eight planned methanol plants In the US, with a total capacity of XX mmty.

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2.1 Overview

GlobalData's report, *Global Demand, Capacity and Prices for Methanol – China to Remain the Dominant Market*, provides in-depth coverage of the global methanol industry, looking at historic and forecast global and regional methanol demand and capacity, end-use market shares and pricing trends. The information in the report also covers the companies that dominate this market, specifically the three largest producers in the world: Methanex Corporation (Methanex), Methanol Holdings (Trinidad) Limited (Methanol Holdings) and Mitsubishi Gas Chemical Co. Inc (Mitsubishi Gas Chemical).

Methanol capacity coverage takes a 'bottom-up' approach, based on the sum of all global methanol plant capacities. Methanol market coverage, consisting of demand value, demand volume and production volume, is based on data from 23 major countries, namely China, India, Japan, Malaysia, South Korea, Singapore, Taiwan, Thailand, Belgium, France, Germany, Italy, Poland, Russia, Spain, the UK, Saudi Arabia, Iran, Canada, Mexico, the US, Argentina and Brazil.

The company profile section provides a business overview of the three largest methanol companies based on installed methanol capacity. The section covers historic and forecast methanol capacity, and provides information about petrochemical plants, equity partnership details and production capacity.

Introduction

2.2 GlobalData Report Guidance

- Chapter three highlights the main features of the global methanol industry, providing historical and forecast capacity by region, planned facility details, and major company capacity shares.
- Chapter four provides historical and forecast supply and demand scenarios. This chapter covers the size of the methanol market, demand and production volume, and price trends by geographical regions from 2003 to 2018. Additionally, it provides demand by major end-use sectors in 2013.
- Chapter five presents profiles of the major companies active in the global methanol industry, covering Methanex, Methanol Holdings and Mitsubishi Gas Chemical.
- Chapter six concludes the report with an industry overview.

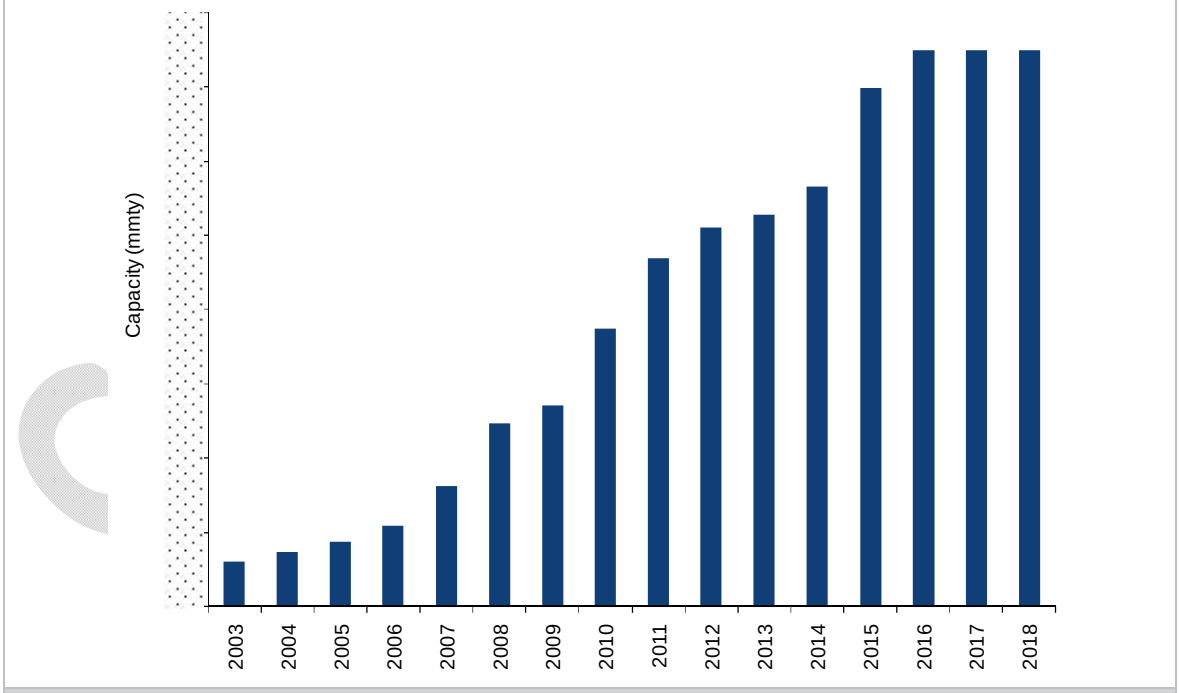
US Emerges as a New Investment Destination

3.2 Global Planned Methanol Plants Details – China and the US Will Add the Most Capacity up to 2018

3.2.1 China

China will lead global methanol capacity additions over the next five years, as it has strong demand for methanol from the formaldehyde, gasoline-blending, and olefin sectors, which necessitates more capacity. The country has witnessed a massive expansion in methanol capacity in the last decade, from XX mmty to XX mmty, but demand is still higher than production. With a goal of self-sufficiency, China plans to add XX mmty of capacity over the next five years, all of which will come from new plants. China is expected to account for XX% of planned Asian capacity additions and XX% of planned global capacity additions over the next five years. The following figure and table show China's methanol capacity from 2003 to 2018.

Figure 2: Methanol Industry, China, Capacity (mmty), 2003–2018



Source: GlobalData, Petrochemicals eTrack [Accessed on June 13, 2014]

US Emerges as a New Investment Destination

Table 3: Methanol Industry, China, Capacity (mmty), 2003–2018	
Year	**Capacity**
2003	
2004	
2005	
2006	
2007	
2008	
2009	
2010	
2011	
2012	
2013	
2014	
2015	
2016	
2017	
2018	

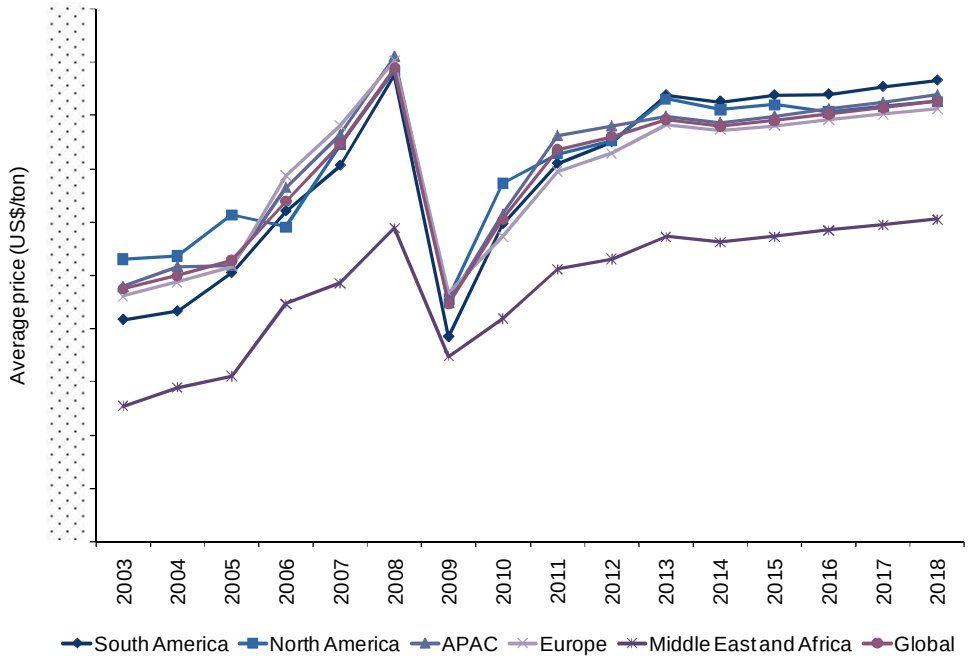
Source: GlobalData, Petrochemicals eTrack [Accessed on June 13, 2014]

Asia-Pacific to Drive Global Methanol Demand

4.4 Global Methanol Price Forecast, 2003–2018

Global average methanol prices increased rapidly until 2008, but then decreased drastically in 2009 as the global economic recession took hold. Prices recovered in 2010 and 2011 as demand revived, along with the economies of many Asian countries. Prices are expected to grow steadily in the next five years, but are not expected to match the 2008 peak.

Figure 10: Methanol Industry, Global, Average Price by Region (US$/ton), 2003–2018



Source: GlobalData, Petrochemicals eTrack [accessed June 13, 2014]

Appendix

7 Appendix

7.1 Definitions

7.1.1 Installed Capacity

Installed capacity refers to the maximum rated output of a plant under specific conditions designated by the manufacturer. It is usually indicated in units of tons on a nameplate affixed to the plant.

7.1.2 Process

A process is a combination of unit operations, used in the manufacturing of petrochemicals, to change the composition of chemicals.

7.1.3 Technology

Technology is the technical process used in the petrochemical industry, which is developed by a specific business entity.

7.2 Abbreviations

Table 26: List of Abbreviations

Abbreviation	Expanded form
APAC	Asia Pacific
CAGR	Compound Annual Growth Rate
DME	Dimethyl Ether
LPG	Liquefied Petroleum Gas
Methanex	Methanex Corporation
Methanol Holdings	Methanol Holdings (Trinidad) Limited
Mitsubishi Gas Chemical	Mitsubishi Gas Chemical Co. Inc.
MMA	Methyl Methacrylate
mmBtu	million British thermal unit
mmty	million metric tons per year
MTBE	Methyl Tertiary Butyl Ether
MTO	Methanol to Olefins
NGLs	Natural Gas Liquids

Source: GlobalData

Appendix

7.3 GlobalData's Research Methodology

GlobalData's dedicated research and analysis teams consist of experienced professionals with advanced statistical expertise and marketing, market research and consulting backgrounds in the petrochemical industry.

GlobalData adheres to the Codes of Practice of the Market Research Society (www.mrs.org.uk) and Strategic and Competitive Intelligence Professionals (www.scip.org).

All GlobalData databases are continuously updated and revised. The following research methodology is followed for all databases and reports.

7.3.1 Coverage

The objective of updating GlobalData coverage is to ensure that it represents the most up-to-date vision of the industry possible.

Changes in the industry taxonomy are built on the basis of extensive research of company, association and competitor sources.

Company coverage is based on three key factors: market capitalization; revenues; and media attention/innovation/market potential.

An exhaustive search of 56 member exchanges is conducted and companies are prioritized on the basis of their market capitalization.

The estimated revenues of all major companies, including private and governmental, are gathered and used to prioritize coverage.

Companies that are making news, or which are of particular interest due to their innovative approach are prioritized.

GlobalData aims to cover all major news events and deals in the petrochemical industry, updated on a daily basis.

Appendix

7.3.2 Secondary Research

The research process begins with extensive secondary research on internal and external sources to gather qualitative and quantitative information relating to each market.

Secondary research sources that are typically referred to include, but are not limited to:

- Company websites, annual reports, financial reports, broker reports, investor presentations and SEC filings
- Industry trade journals and other literature
- Internal and external proprietary databases
- National government documents, statistical databases and market reports
- News articles, press releases and webcasts specific to the companies operating in the market.

7.3.3 Primary Research

GlobalData conducts hundreds of primary interviews a year with industry participants and commentators in order to validate its data and analysis. A typical research interview fulfills the following functions:

- Provides first-hand information on the market size, market trends, growth trends, competitive landscape, and future outlook
- Helps to validate and strengthen the secondary research findings
- Further develops the analysis team's expertise and market understanding
- Primary research involves e-mail correspondence and telephone interviews as well as face-to-face interviews for each market, category, segment and sub-segment across geographies.

The participants who typically take part in such a process include, but are not limited to:

- Industry participants: CEOs, VPs, business development managers, market intelligence managers and national sales managers
- Outside experts: investment bankers, valuation experts, research analysts and key opinion leaders specializing in the petrochemical industry

Appendix

7.3.4 Expert Panel Validation

GlobalData uses a panel of experts to cross-verify research and forecast methodologies, and drive its analytical content.

The GlobalData expert panel comprises marketing managers, product specialists, international sales managers from petrochemical companies; academics from research universities and consultants from professional services companies.

7.4 Disclaimer