

China styrene capacity build-up drives Asia closures

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By 2015, the country's total styrene capacity is projected to reach 8.43m tonnes/year, about a 50% increase from 2010.

China's strong build-up of styrene monomer (SM) capacity over the years has been the driving force in the ongoing regional petrochemical sector rationalisation, whereby older production facilities are being retired, sources said.

By 2015, the country's total SM capacity is projected to reach 8.43m tonnes/year, about a 50% increase from 2010, according to Chemease, an ICIS service in China. Over a four-year period to 2010, SM capacity in the country more than doubled to 5.61m tonnes/year, the data showed.

China has been steadily building up petrochemical capacity with an aim towards self-sufficiency, given its humongous requirements. The country is the world's second biggest economy and remains the largest petrochemical importer in Asia.

With the strong growth in domestic capacity, China is less reliant on import cargoes, but its consumption continues to grow, industry sources said.

SM is a liquid chemical used to make resins such as polystyrene (PS), expanded PS (EPS) and acrylonitrile-butadiene-styrene (ABS), as well as synthetic rubbers such as styrene-butadiene-rubbers (SBR) and styrene-butadiene-latex (SBL).

ASIA STYRENE PLANT START-UPS AND CLOSURES

START UPS

Company	Location	Capacity*	Date
Taixin Xinpu Chemicals	Jiangsu, E China	320,000	Aug-13
Keyuan Chemicals	Zhejiang, E China	100,000	2013
Dong Xing Chemicals	Guangdong, S China	60,000	End-2013
CNOOC	Hainan, S China	120,000	Aug-14
Arbe Chemicals	Jiangsu, E China	500,000	End-2014
Dashu Chemicals	Zhejiang, E China	250,000	2015
Jiujiang Chemicals	Jiangxi, E China	80,000	2015
Jingmen Chemicals	Hubei, Central China	80,000	2015
Fu De Neng Chemicals	Jiangsu, E China	500,000	2015
Shuangliang Chemicals	Jiangsu, E China	500,000	2015
CNOOC	Zhejiang, E China	600,000	2015-2016
Jinshan Chemicals	Shanghai E China	600,000	2016

SHUTDOWNS

Company	Location	Capacity*	Date
Mitsubishi Chemical	Kashima, Japan	371,000	2011
Denka	Chiba, Japan	240,000	2012
Nihon Oxirane	Chiba, Japan	425,000	May 2015
Asahi Kasei Chemicals	Mizushima, Japan	320,000	Mar 2016

*tonnes/year

SOURCE: Chemease

CAPACITY OUTSIDE CHINA

SM capacity growth in Asia has stalled, with producers mothballing plants, fearing the loss of China as a major buyer.

In Japan, two producers have announced the impending facilities closures. Nihon Oxirane will shut down its 425,000 tonne/year SM plant in Chiba by May 2015, while Asahi Kasei Chemicals has announced that its 320,000 tonne/year unit in Mizushima will cease operations in March 2016.

"A deterioration in the supply-demand balance is expected, as the expansion and construction of large-scale plants in Asia are planned," according to Asahi Kasei, which will keep its other 390,000 tonne/year plant to exclusively cater to the Japanese domestic market.

China's capacity growth is being supported by demand, given the strong expansion in the downstream styrenics sector in recent years. The rest of Asia provides a stark contrast, with PS and EPS plants either having to scale down or completely shut production.

"PS and EPS expansions are mostly in China as the key users are mostly there. The trend will likely continue into the foreseeable future," a southeast Asia-based PS maker said.

SOURCE: Icis News