

**METHANOL
AND
DERIVATIVES
ANALYSIS
2007**

METHANOL MARKET SERVICES ASIA PTE LTD
SINGAPORE

mmsa

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2007 METHANOL AND DERIVATIVES ANALYSIS

TABLE OF CONTENTS

Preface.....	9
I . Executive Summary.....	17
II. Methanol and Derivatives – Market Overview/Uses.....	31
a. Methanol.....	31
i. Methanol Applications/Markets	
ii. Methanol Demand by Derivative – Overview	
iii. Methanol Capacity – Overview	
b. Formaldehyde.....	37
i. Formaldehyde Applications/Markets	
ii. Formaldehyde Demand by Derivative – Overview	
iii. Formaldehyde Capacity – Overview	
c. Acetic Acid.....	47
i. Acetic Acid Applications/Markets	
ii. Acetic Acid Demand by Derivative – Overview	
iii. Acetic Acid Capacity – Overview	
d. MTBE.....	53
e. MMA.....	57
f. Alternative Fuels, Methanol To Olefins, Fuel Cells.....	61
i. Gasoline Blending	
ii. Biodiesel	
iii. DME	
iv. Methanol to Olefins (MTO)	
v. Direct Methanol Fuel Cells (DMFC)	
vi. Direct Combustion	
g. Others.....	75
i. Methylamines	
ii. Chloromethanes	
III. Regional Market Analysis.....	83
a. World.....	83
i. Asia.....	103
1. China.....	115
2. Japan.....	145
3. South Korea.....	157
4. Taiwan.....	167
5. Singapore.....	177
6. Malaysia.....	187

7.	Indonesia	199
8.	Other Southeast Asia	209
9.	India	221
10.	Other South Asia	229
11.	Australia	233
12.	New Zealand	239
b.	Americas	243
1.	North America	243
2.	South America	261
c.	Europe	273
d.	Russia	289
e.	Middle East	299
1.	Saudi Arabia	311
2.	Iran	315
3.	Qatar	319
4.	Oman	321
5.	Other Middle East	323
f.	Africa	325
IV.	Methanol Supply - Feedstock Dynamics	333
a.	Feedstock Considerations	333
b.	Major Current & Prospective Production Locales	335
c.	China	341
i.	Coal	
ii.	Natural Gas	
iii.	Coal vs Natural Gas	
V.	Trade Overview and Matrices	349
a.	Methanol	349
b.	Acetic Acid	353
c.	MMA	357
VI.	Process and Economics Overview	363
a.	Methanol	365
i.	Capital and Operating Costs	
1.	Natural Gas	
2.	Coal	
b.	Formaldehyde	375
c.	Acetic Acid	377
i.	Capital and Operating Costs - Carbonylation	
d.	MMA	381
i.	Capital and Operating Costs C4	
ii.	Capital and Operating Costs Acetone	

e.	MTBE	383
f.	Methyl Chloride	385
VII.	Price Forecasts	389
a.	Methanol	389
b.	Acetic Acid	406

Appendices

a.	Global Capacity Tables	415
i.	Methanol	415
ii.	Formaldehyde	429
iii.	1,4-Butanediol	447
iv.	Acetic Acid	451
v.	Polyvinyl Alcohol	459
vi.	Terephthalic Acid	463
vii.	Vinyl Acetate Monomer	471
viii.	Methyl Methacrylate (MMA)	477
ix.	Methyl Tertiary Butyl Ether (MTBE)	483
x.	Dimethyl Ether (DME)	493
xi.	Biodiesel	497
b.	Supply and Demand Tables	513
i.	Methanol	513
ii.	Formaldehyde	541
iii.	Acetic Acid	569
iv.	Methyl Methacrylate (MMA)	597

PREFACE

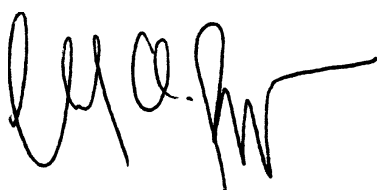
PREFACE

"The release of atomic energy has not created a new problem. It has merely made more urgent the necessity of solving an existing one." Albert Einstein

In 2006, the methanol industry had its own "atomic" event. It began as high energy prices piled on new demand for methanol into gasoline, biodiesel, and even dimethyl ether, while conventional derivatives were already strong enough. In the middle of the northern hemisphere's summer, when demand globally was at all-time maximum highs, the unfortunate loss of two major methanol production facilities (with very little warning) sent the market into a panic, with prices "mushrooming" to record levels at an astonishing pace. These events exposed an existing problem: methanol is now popular as a fuel, when it cannot currently afford to be. The massive gravitational pull of energy markets, still in effect due to sustained high energy prices, cannot be satisfied with today's production capacity. China has transformed this problem into an opportunity. The world may well have to use the Chinese approach - which involves taking risks on new production capacity to turn coal into energy via methanol - to solve the methanol "popularity" problem. Of course, objective analysis of the potential for methanol in fuels markets is required before today's record profits can be directed toward such investments. To that end, this year's study provides for the first time objective analysis of "alternative fuels," opportunities for methanol, which we have put into six types: gasoline blends, biodiesel, dimethyl ether, methanol to olefins, fuel cells, and direct combustion/power generation.

These are "golden years" and exciting times for the methanol industry, as the decisions being made now will reshape the industry for the next decade and beyond. It is always our mission to provide thorough and detailed analysis to a very complex industry, and this year we have augmented our analysis on alternative fuels, the Middle East, and have added methyl methacrylate supply and demand balances in acknowledgement of this derivative's import to methanol's future. Of course, we have fully updated the forecasts from the previous year. In doing so, we hope to improve the quality of your business decisions. We endeavor to publish the most comprehensive and well-integrated summary of methanol and its key derivatives available globally.

The massive contributions of Shandon Quinn and Hemalata Sinniah made this study possible; to them I am highly grateful. And I think you will be as well. We hope you will use this study in your solutions; and we are always willing to help as needed.



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WARRANTY

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