Methanol Notes™ by MMSA

May 18, 2006 - Following are MMSA views on key points of the 18 speeches given at the 9th IMPCA Asian Methanol Conference in Singapore, co-organized by JJ&A and MMSA. This conference will now be held annually, with JJ&A and MMSA slated to host future conferences.

China Methanol Market - Mike Herz, Methanex Asia Pacific Ltd
- China methanol exports are not viable at historical methanol price levels
- Non-traditional methanol demand has traction, particularly MTO, DME, and select methanol/gasoline combinations, probabilities increasing that demand is real.
- Either way, imports to China will grow - either as existing and planned capacity overwhelmed (non-traditional demand realized), or due to rationalization of non-competitive existing supply.

Asia Methanol - The Supply Paradox - Mark Berggren, MMSA
- Asia (especially China) the cornerstone for future global methanol demand growth
- China will continue to add capacity for methanol, betting on development of domestic use of DME, methanol/gasoline blends, and MTO
- Middle Eastern projects have slowed as they're most impacted by capital cost rises
- Methanol and acetic acid prices will fall with oversupply, attenuated by need for higher cost China capacity to continue operating

World Methanol Summary - Jim Jordan, Jim Jordan & Associates
- Through 2010, supply growth will be ahead of demand growth globally
- The long term price floor for methanol production has increased with gas valuation

Methanol Political Challenges for the Future - John Lynn, Methanol Institute
- MI efforts in legislative, product, and market development areas that benefit the methanol industry, including methanol/gasoline blends in China, are extensive.

MTBE in Asia: Momentum & Challenges, Clarence Woo, Asian Clean Fuels Association
- Asian demand for clean fuels is massive, and MTBE fits into several Asian countries’ plans

Energy Issues Impacting Methanol - Steve Williams, Energy Solutions
- We will not run out of oil, oil will become too expensive, but right now still lowest cost option
- Refineries key to continued use of oil, 100+ refineries could be required by 2020
- Middle East appears to have the best refinery economics and should yield most refineries

Towards Improved Methanol Process Yields - Norbert Ringer, Sud-Chemie AG
- Synagas from coal different from that from natural gas, catalysts provided that can handle coal based Synagas requirements, improving yields and lowering capital and unit operating costs

Methanol Technology & Catalysts - The Bespoke Approach - Mark Sutton, Davy Process Technology
- Overview of design options available for steam reforming, ATR, and combined reforming methanol production operations; design must fit gas quality and quantity requirements.

Challenges of Inspecting & Testing in Developing Markets - Peter Posseniers, SGS Korea
- Description of methanol testing steps, and regional practice and requirements, with examples of “horror stories” and means to avoid them.

Price Analysis & Forecast of Methanol: Knowledge Empowered Sourcing - Nagaraj Meda, TransGraph Pvt Ltd
- Application of technical analysis combined with market factors to forecast methanol prices

Methanol as an Energy Product - Chris Bake, Vital Bahrain
- Methanol valuation in Btu/ton terms has come closer to alternative power fuels
- Methanol should be considered in flexible-fuel power generation facilities

The Use of Methanol as a Transportation Fuel in China - Wu Yuji, Luch Petrochemical Group
- Significant effort has been made to develop methanol/gasoline as a fuel in China, particularly Shanxi province.

Oman Methanol Project Update - Richard Preece, Oman Methanol Company
- Project updated; excellent photographic review of progress; striving to start up by mid-2007

Petronas Methanol... Past, Present and Future - Syed Othman Bin Abu Bakar, Petronas Methanol (Labuan) Sdn Bhd
- Review of past lessons on the manufacturing side, along with new 1.7 million tpa methanol project (2H 2008)

MGC Natural Gas Business - Shinichi Tokuda, Mitsubishi Gas Chemical
- Description of MGC’s significant activities along the methanol chain, and update on project planning

Global Acetic Acid Outlook - Bob Niedzelski, BP Acetyls Business Unit
- Acetic acid margins for carbonylation producers are good, but a rash of new capacity in Asia seen to dampen prices

India Methanol & Formaldehyde Markets - Sanjay Gupta, Partner of BK Sales Corporation
- Methanol demand to grow to 1.25 million tons by 2010; formaldehyde driving growth thanks to laminate/plywood.

Biodiesel: Will It Replace the Methanol Void Left by MTBE - Hank Williams, Jim Jordan & Associates
- Biodiesel activity globally was reviewed, potential exists for it to significantly replace lost MTBE methanol demand.

For those clients who did not attend, the speeches are available for sale in electronic and hard copy format; please contact us at services@methanolmsa.com should you require more details.

Copyright © 2006 MMSA Pte Ltd. All rights reserved.