

4/26/2017

After the Calm ... A Surge of New PET Resin Capacity Additions in 2017 – Tecnon OrbiChem Blog

## Tecnon OrbiChem Blog

News, views and analysis of Tecnon OrbiChem experts

# After the Calm ... A Surge of New PET Resin Capacity Additions in 2017



After a quiet period for new capacity during 2015 and 2016, new capacity expansions, mainly focused on China, are coming in 2017. However, it is likely some of the 2017 start-up dates (shown in the following table) may be delayed, depending on market condition.

### World New PET Resin Plants 2016-2017 (1,000 Metric Tons)

*Start-Up*

<i>Company</i>	<i>Location</i>	<i>Capacity</i>	<i>Start-up</i>
China Resources Packaging Material	Zhuhai, China		Oct 2016
Jiangsu Sanfangxiang	Jiangyin, China		Q1 2017
Zhejiang Wankai New Material	Haining, China		Q1 2017
Hainan Yisheng Petrochemical	Yangpu EDZ, China		Q2 2017
M&G Group	Corpus Christi, US		Q3 2017

Hosaf Fibres	Jacobs, South Africa		Q3 2017
Jiangyin Chengsheng (Chengao)	Jiangyin, China		2017
Sichuan Shengda Chemical	Nanchong, China		2017
<b>Total</b>		<b>4,212</b>	

Existing overcapacity has also led to industry restructuring and plant closures over the past year or two. Several small and medium-sized PET resin plants in China have closed permanently during the period. Japan Unipet’s plant at Iwakuni was closed in early 2015 and Egypt’s EIPET has idled one line and not started the second at its plant in Ain Sokhna. In addition, SK Chemical in South Korea plans to cease standard bottle grade PET resin production (80 ktpa) by the end of 2016.

Looking to 2017, renewed capacity expansions have many market participants taking a skeptical view for 2017 PET business, particularly in China, due to overcapacity in a market with slowing growth and limited export opportunities. Most see it as inevitable that some small and medium sized plants will be shut permanently in the near term.

Acquisitions were a major feature of the past 18 months with Indorama buying facilities in Spain (Cepsa), Turkey (Polypex) and India (Micro Polypet). Restructuring also occurred via joint-ventures including the Indorama-Dhunseri JV in India combining Indorama’s Polyplex facility with Dhunseri’s plant at Haldia, India providing the JV with a total resin capacity of 700 ktpa.

Backward integration was also evident with Indorama acquiring the PTA facilities of Cepsa (Canada and Spain) and BP (Decatur, Alabama, US).

According to Tecnon OrbiChem data contained in the most recent update of the **PET Packaging Resin S/Db-Chem World Analysis**, global consumption growth in 2016 is expected to be 4.6% due to market maturity, global economic slowing and decelerating Chinese domestic

growth. Regional consumption growth is expected to vary widely in 2016 with rates ranging from 1.8% for Northeast Asia to 11.3% in South & Southeast Asia.

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