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For Immediate release:

CMAI Completes 2010 World Ethylene Cost Study

Houston, TX – [Chemical Market Associates, Inc. \(CMAI\)](#) announces the completion of the [2010 World Ethylene Cost Study](#), based on a detailed analysis of more than 270 ethylene production facilities throughout the world, revealing the average ethylene plant production costs of each of the major producing regions and countries.

This study demonstrates how ethylene production costs are affected by plant size, technology, operating rates, and most importantly, feedstock slate. The study explains why certain plants are more cost competitive than others in producing ethylene for sale or use in internal downstream derivative applications. Supporting chapters expand on technology, pricing, and analysis of key strategic issues, including feedstock trends in North America, the Middle East and other regions. Sections are devoted to emerging coal-to-olefins technology, potential industry rationalization and other issues of importance. The *2010 World Ethylene Cost Study* analyzes each ethylene producer and identifies production regions that have the highest and lowest costs and where they are positioned on the overall global ethylene production cost curve...today and into the future.

Current Market Situation

The global ethylene industry is in the midst of significant change. Over the past five years new plants have come on-stream, primarily in the Middle East and Northeast Asia, with these regions accounting for the vast majority of the new capacity. Over the next five years, the buildup in capacity is even more pronounced, with additional ethylene production capacity projected to be added. While the Middle East and Northeast Asia (primarily China) is expected to still account for the bulk of new capacity (over 70 percent), new world scale units in Southeast Asia and India will also significantly increase the global share of these regions as well. Meanwhile, the capacity share of North America, Europe and Japan is projected to decline by about 30 percent. The build-up of ethylene capacity in conjunction with the severe contraction in demand growth as a result of the global economic recession has led to a “trough” in the petrochemical margin cycle. An understanding of the cash cost structure of each asset is critical to analyzing the competitive positioning of the ethylene industry over time.

Market Outlook

Complicating the near term issues are new technologies being brought on-stream for ethylene production, particularly coal-to-olefins, with the first of these units coming on-stream in China in 2010. In addition, changes in relative feedstock pricing in various regions of the world dramatically affect the ethylene cost competitiveness of various regions over time. Feedstock trends, in terms of pricing as well as feedstock utilization and cracker flexibility, are addressed in detail in the study, both historical changes over the past five years as well as a projection through to 2014. Any person, company or government interested in producing (or purchasing) ethylene or ethylene derivatives now or in the future, should be aware of the competitive positions within the global ethylene industry. CMAI, utilizing its extensive databases, has compiled the findings of these issues in the *2010 World Ethylene Cost Study* for the industry, and for this purpose.

To find out more about the current market issues and CMAI's outlook for the [Ethylene](#) industry contact John Stekla, Global Business Director – Ethylene, at 1-281-752-3244 or email jstekla@cmaiglobal.com. Order this analysis now at www.cmaiglobal.com; the analysis is available in electronic format.

[CMAI](#) is the premier provider of Market, Planning and Business Advisory Services offering a unique combination of consulting analytics and expertise for the global chemical, plastics, fibers and chlor-alkali industries. With offices in Houston, New York, London, Dubai, Düsseldorf, Singapore and Shanghai, CMAI has provided expert business advisory services to a broad base of companies across multiple value chains and geographies since 1979. Clients to CMAI services include chemical and oil companies, technology & EPC companies, banking and financial institutions, consumer product companies, textile & apparel manufacturers, brand-owners, grocers/retailers, government agencies and trading companies.

For more information on the [2010 World Ethylene Cost Study](#) visit CMAI's website at www.cmaiglobal.com or contact:

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