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For Immediate release:

CMAI completes 2010 World Chlor-Alkali Analysis

Houston, TX – [Chemical Market Associates, Inc. \(CMAI\)](#) announces the completion of the [2010 World Chlor-Alkali Analysis](#), an annual global study that covers past and future developments in supply, demand, production, capacity, trade, pricing and profitability of the global [chlor-alkali](#) industry for the period 2004 to 2014. Included with each analysis is 12 months of access to CMAI's online capacity and supply/demand databases with a mid-term supply/demand update incorporating the latest economic and market outlook. New for 2010 editions is access to the key graphics contained in the Analysis in both Microsoft Excel and PowerPoint. The analysis is a necessary resource for business managers and planning professionals who need to make strategic business decisions in a rapidly changing global economic and market environment.

Current Market Situation

Chlor-alkali capacity additions reached a high point in 2008-2009, just as demand volume dropped in response to the global recession. Previously, markets had been able to absorb capacity expansions as quickly as they came on-stream, since the global market was undersupplied. However, in the current market environment the additional output is causing a decline in operating rates. Capacity expansions continued even when the global economy took a turn for the worse, because most projects were too far advanced to stop; the majority of these capacity expansions has been and will continue to be located in China. Worldwide chlorine and caustic demand dropped in 2008, and is estimated to have fallen again in 2009. By mid-2009, the global economy was beginning to show signs of recovery, and CMAI expects worldwide chlor-alkali demand to resume growth.

Another significant factor in the chlor-alkali market was the rapid rise in U.S. Gulf Coast (USGC) caustic prices in 2008, and their even faster correction in 2009. Numerous production issues in the U.S. during 2008 contributed to the high caustic prices; including operational problems in the first quarter of 2008, two hurricanes in the third quarter and the financial crisis in the fourth quarter that precipitated a collapse in chlorine demand and resulted in lower U.S. chlor-alkali operating rates, thereby constraining caustic supplies.

Market Outlook

The majority of future capacity additions will be located in China, where producers will leverage domestic resources of coal, limestone and salt to produce chlor-alkali and acetylene-carbide VCM/PVC. The huge amount of non-ethylene based VCM/PVC production has significantly altered the global chlor-alkali/vinyls markets. Northeast Asia is now and will continue to be the largest producing and consuming region of chlor-alkali supplies.

CMAI projects that the pace of the emerging economic recovery will proceed more slowly in the developed regions of North America and Europe, when compared to the developing countries of Brazil, Russia, India and China. Healthy economic growth in the latter emerging markets will stimulate strong demand growth for chlor-

alkali. Both chlorine and caustic demand is expected to increase by an average 4-5 percent per year between 2009 and 2014. This unusually healthy growth rate, however, is partially the result of the low 2009 base line. As capacity growth slows, robust demand growth will begin to absorb much of the existing surplus capacity. Nevertheless, CMAI expects that some capacity rationalization will be necessary, most likely in North America. Even when taking into account these projected capacity rationalizations, global operating rates are not expected to return to the low 80 percent level until late in the forecast period.

To find out more about the current market issues and CMAI's outlook for chlor-alkali industry, order this analysis now at www.cmaiglobal.com. The analysis is available in book and CD-ROM format, with access to CMAI's Online Capacity and Supply/Demand databases. With updates to the Capacity database as changes in the marketplace occur, and an annual mid-year update to the Supply/Demand database, clients can rely on these databases as a necessary tool for their strategic business decisions.

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, plastic converters, textile & apparel manufacturers, brand-owners, grocers/retailers, government agencies and trading companies.

For more information on the [2010 World Chlor-Alkali Analysis](#), visit CMAI's website at www.cmaiglobal.com or contact:

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