



**GLOBAL SERVICE  
INTERNATIONAL S.R.L.**

***Global PET Market.  
PET Supply moving to Competitive Arena:  
Focus on China.  
PET import into Russia***

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## **Agenda**

- ❑ ***G.S.I. Global Service International***
- ❑ ***Feedstock markets***
- ❑ ***World PET Supply and Demand***
- ❑ ***Chinese PET Competitive Arena***
- ❑ ***Russian PET Imports***
- ❑ ***Conclusions***



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## **GSI - Mission**

Global Service International mission is to offer its Customers a direct and continuous link to the best and more competitive plastic raw materials sources in Asia and in the rest of the world, assuring a level of service comparable with the one of the local suppliers. The network of International contacts built from 1993 up to now, allows GSI to supply a continuous material flow to the major Users of plastic raw materials and synthetic fibres



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## **GSI - DNA**

Our credibility is the result of “GSI’s Team” experience, acquired during the last decades and, in particular, of Mr. Francesco Zanchi, Founder and CEO, who served as Managing director, during the eighties, in Enichem Fibres, Eni’s Group, (the Oil Italian Giant) and Founder and President of Inca International (the first European Company with a fully integrated PET Bottle Grade production, from PTA to bottles).

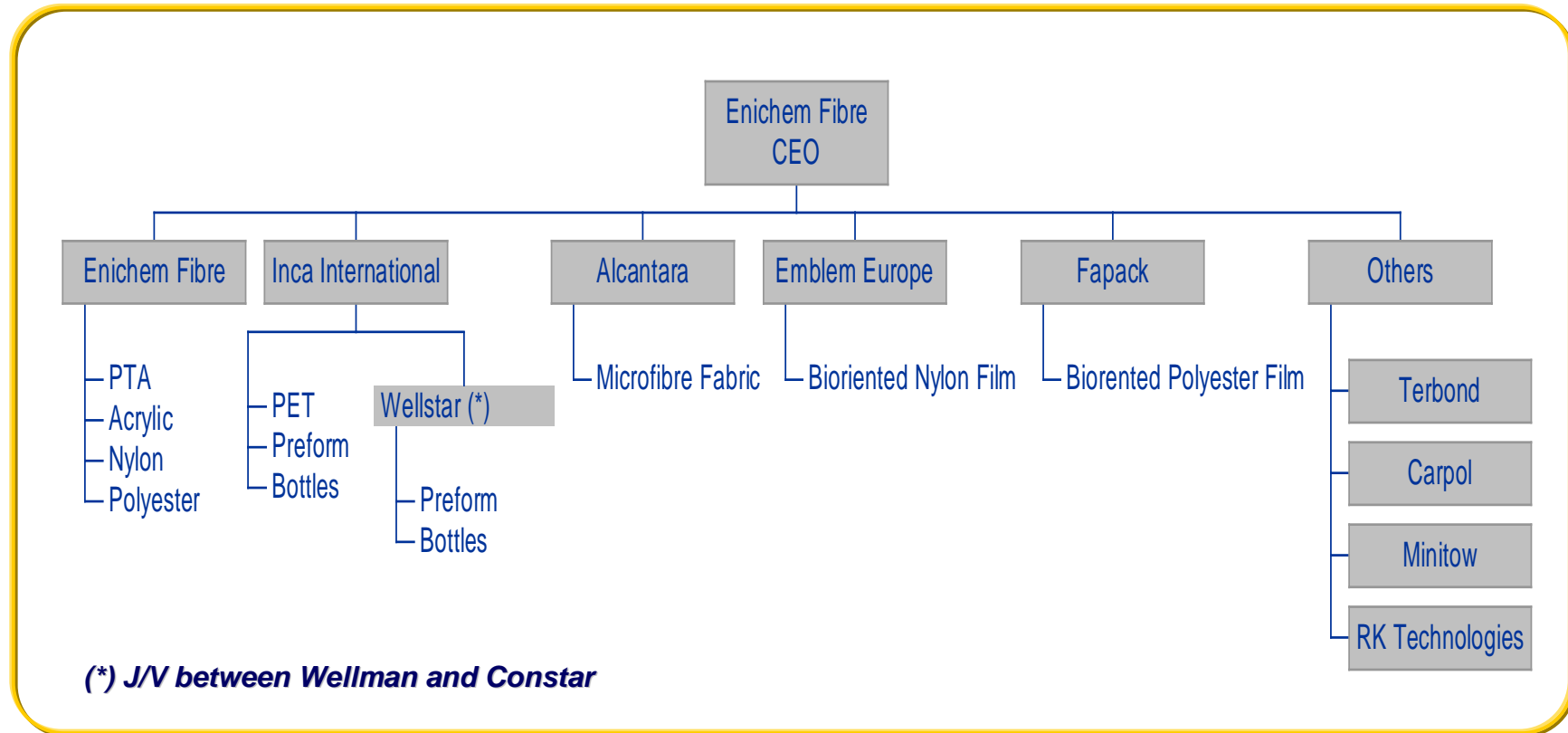
***COMPETENCE + PROFESSIONALITY + TRANSPARENCE = CREDIBILITY***



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## GSI - Focus on CEO's experiences in 80s'



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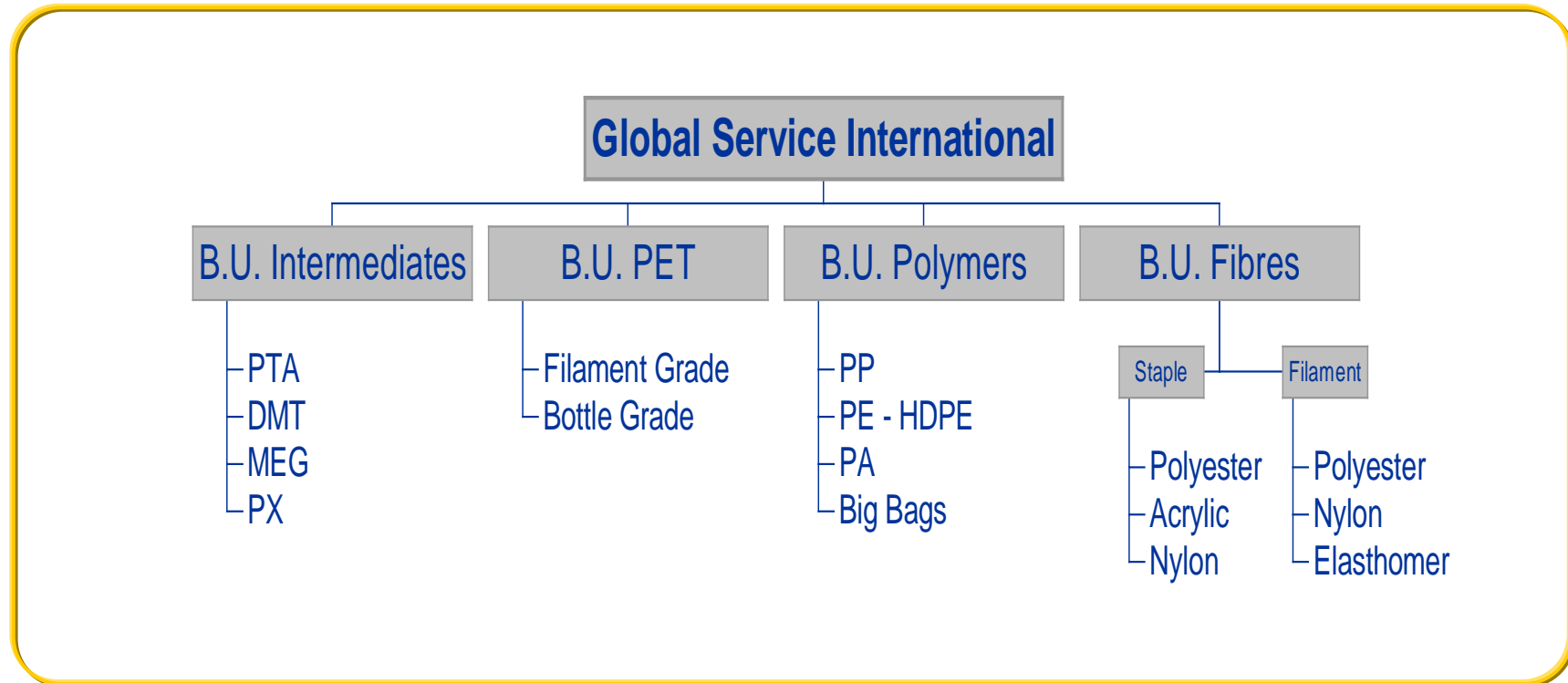
## GSI - Business Model



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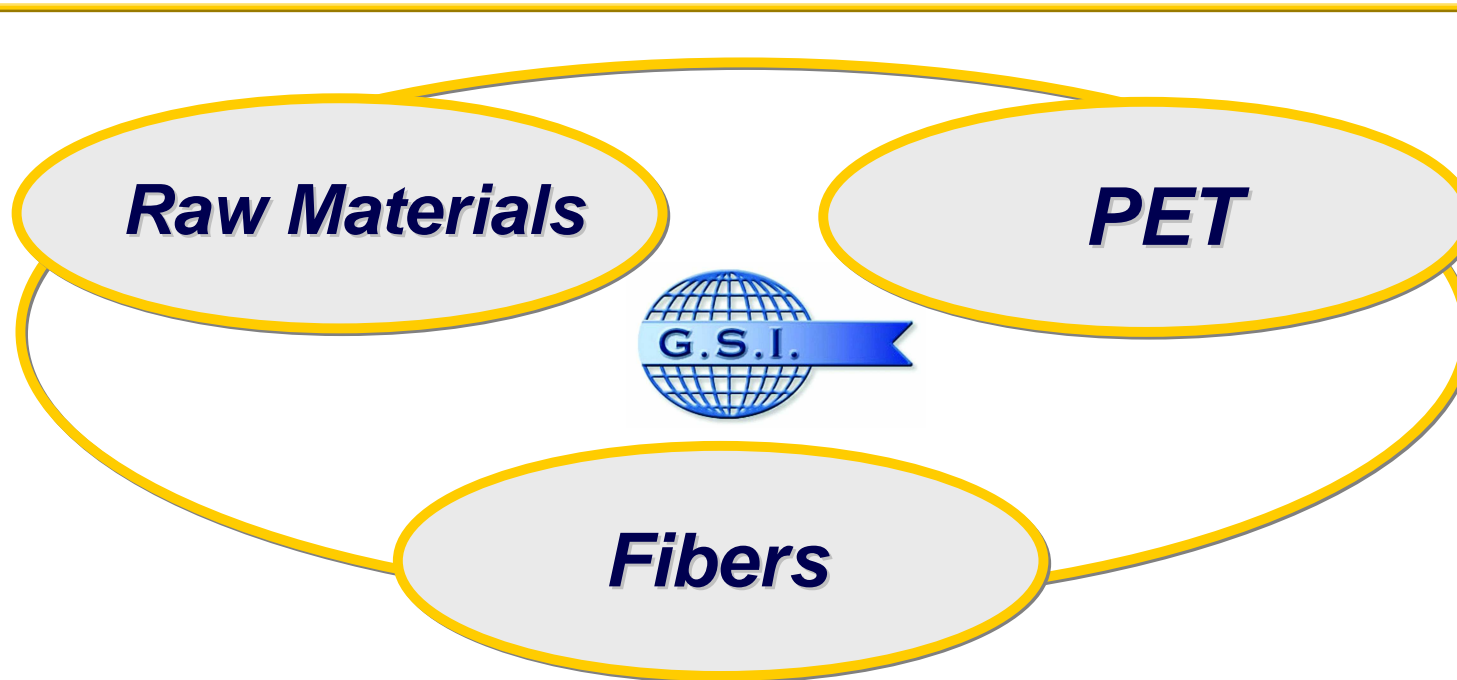
# GSI - Organisation



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## **Polyester Business - GSI's Global view**



The long lasting business relationships developed during these years allow GSI to have updated information in all the different rings of the Polyester chain.



## **GSI - The Network**



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*PET Supply moving to a competitive arena*



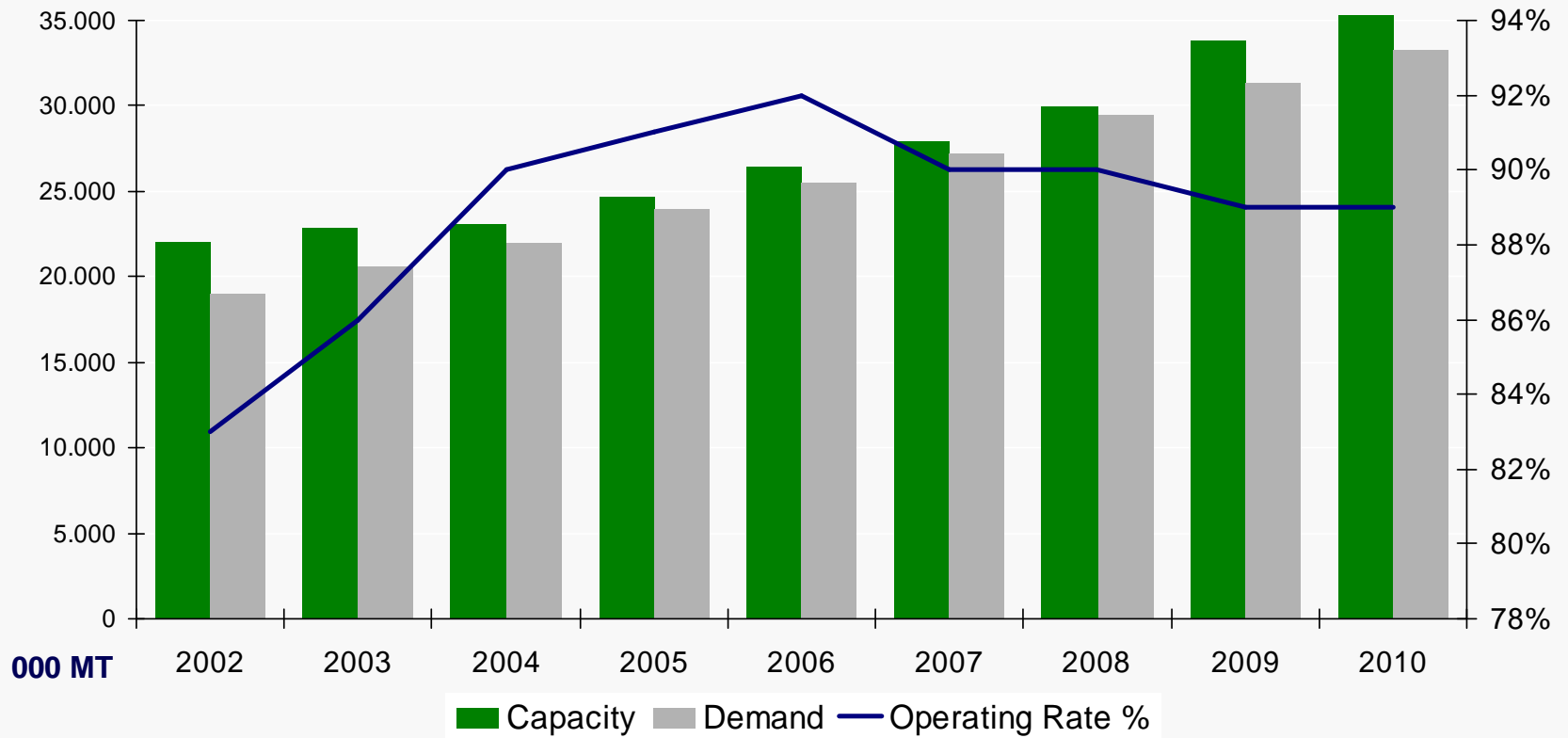
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***Global Feedstock markets***

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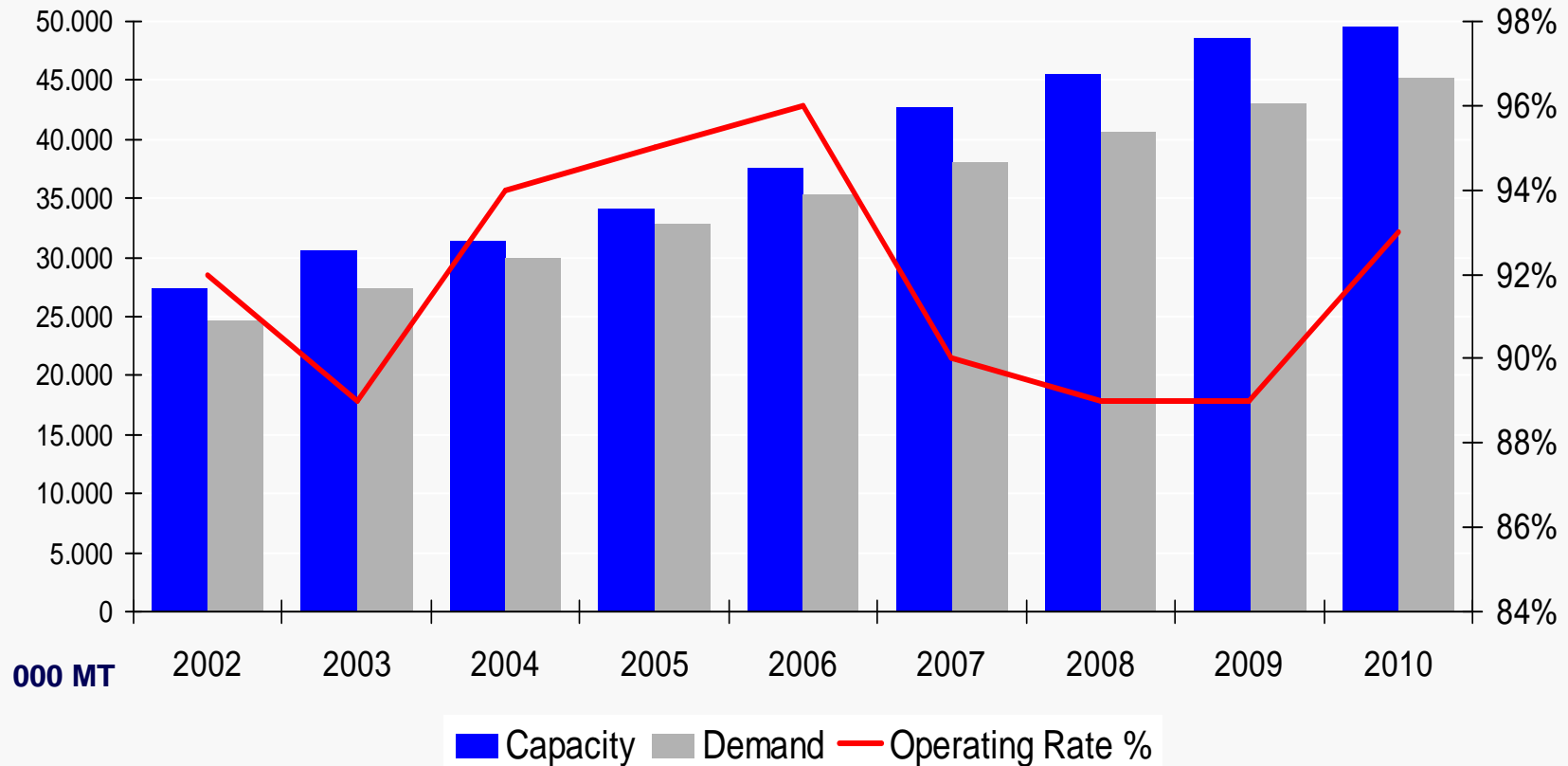
## Global PX Outlook



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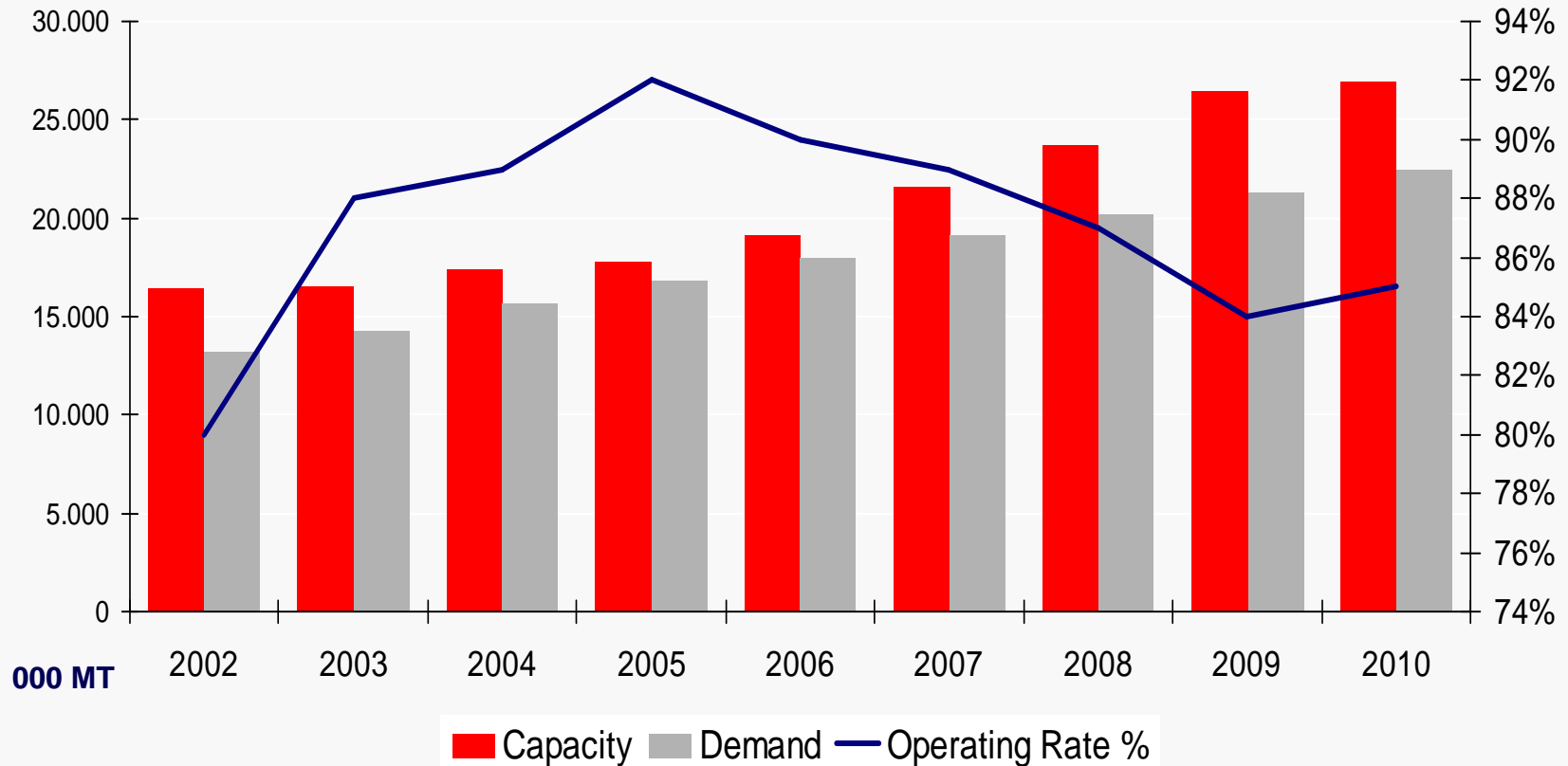
## Global PTA outlook



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## Global MEG outlook



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*PET Supply moving to a competitive arena*



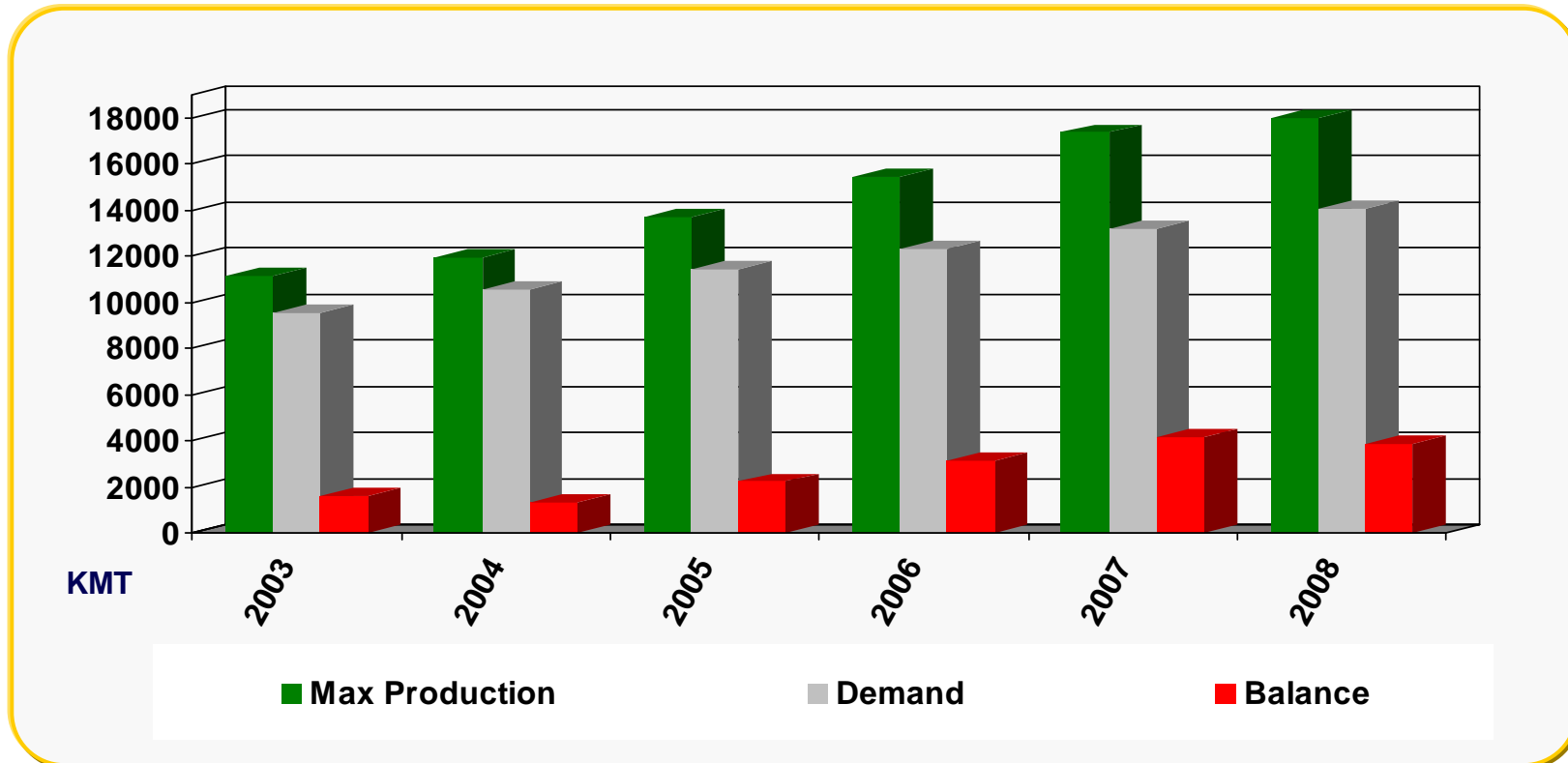
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***World PET Supply & Demand***

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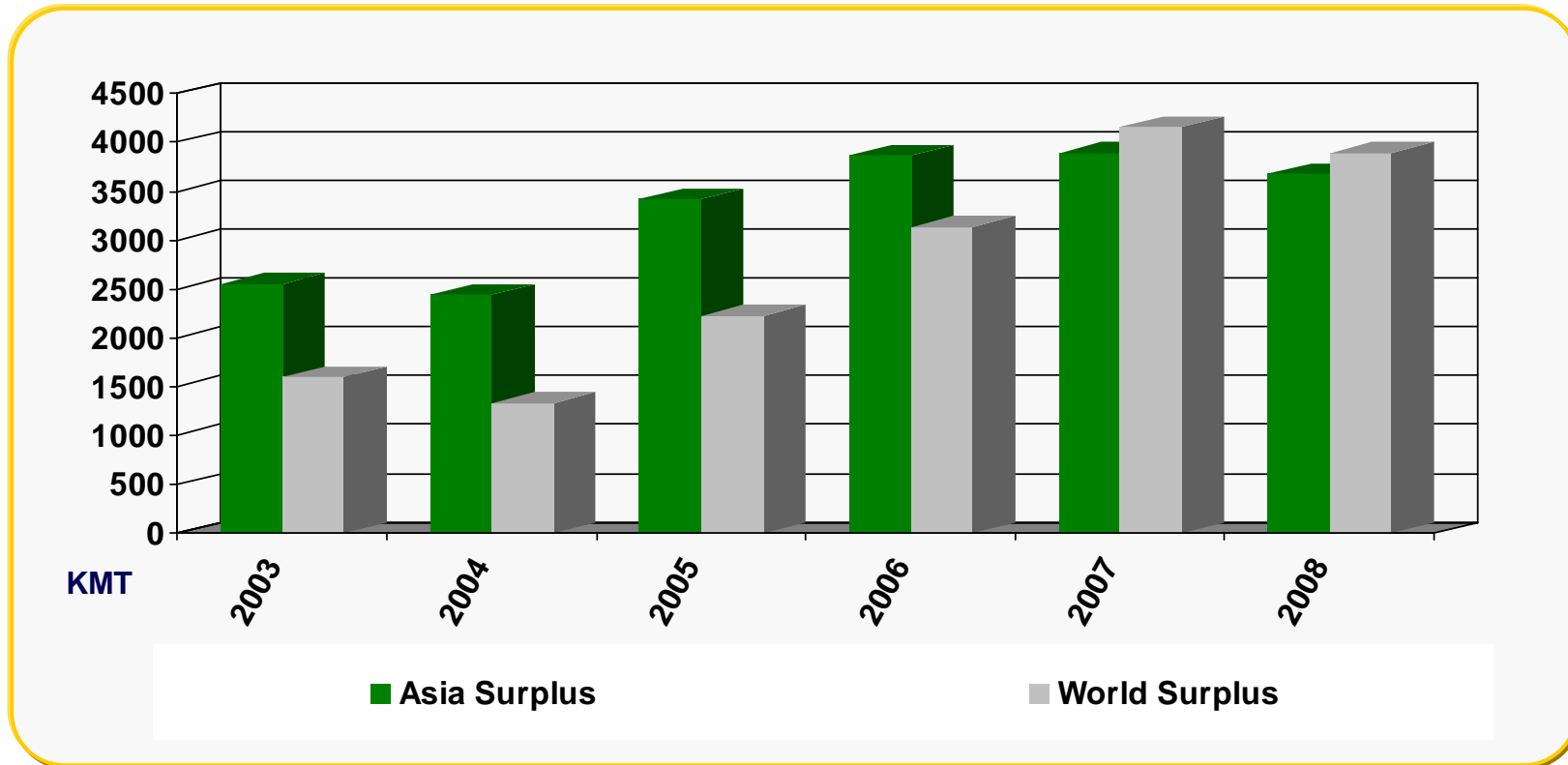
## World PET Surplus moving from 1,3 mln (2004) to 4,2 mlns (2007), 30% of the Demand



Source: PCI PET Packaging *Proud to serve solutions.*



## 4 mln MT of PET Surplus from Asia

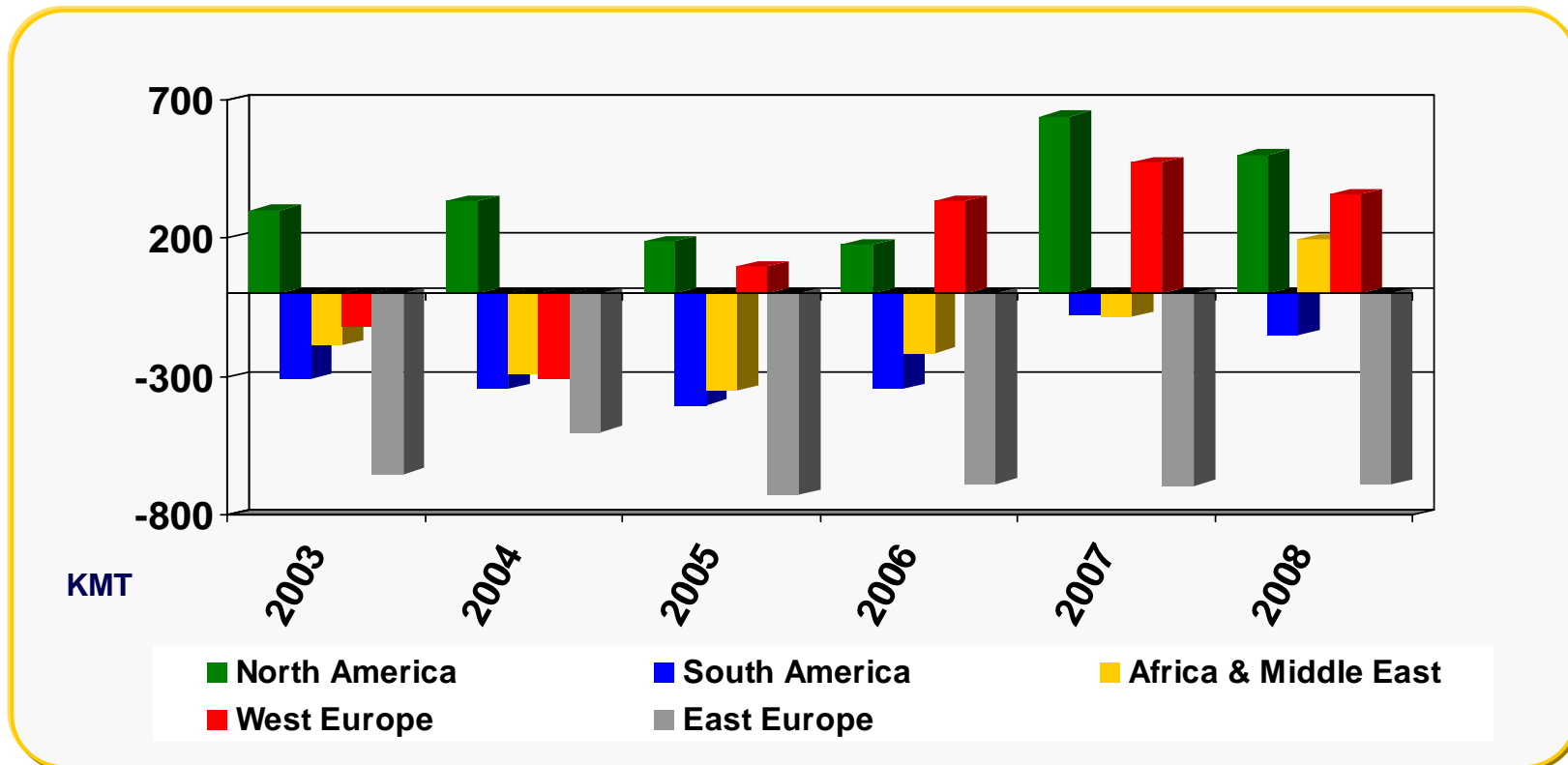


Source: PCI PET Packaging *Proud to serve solutions.*








## Possible export markets for Asian PET producers



Source: PCI PET Packaging *Proud to serve solutions.*



## **PET Supply moving to a competitive Arena**

-  ***Important PET expansions in North America, South America, Europe and Middle East will increase the competition in the major areas importing Asian PET***
-  ***Anti-Dumping regulations are limiting the possible markets for Asian PET producers***
-  ***The latest technologies for producing PET are reducing the conversion fee to produce 1 MT of PET adding additional pressure to the existing PET producers***
-  ***The Oil, Px and MEG volatility have an impact on Polyester margin***



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*PET Supply moving to a competitive arena*



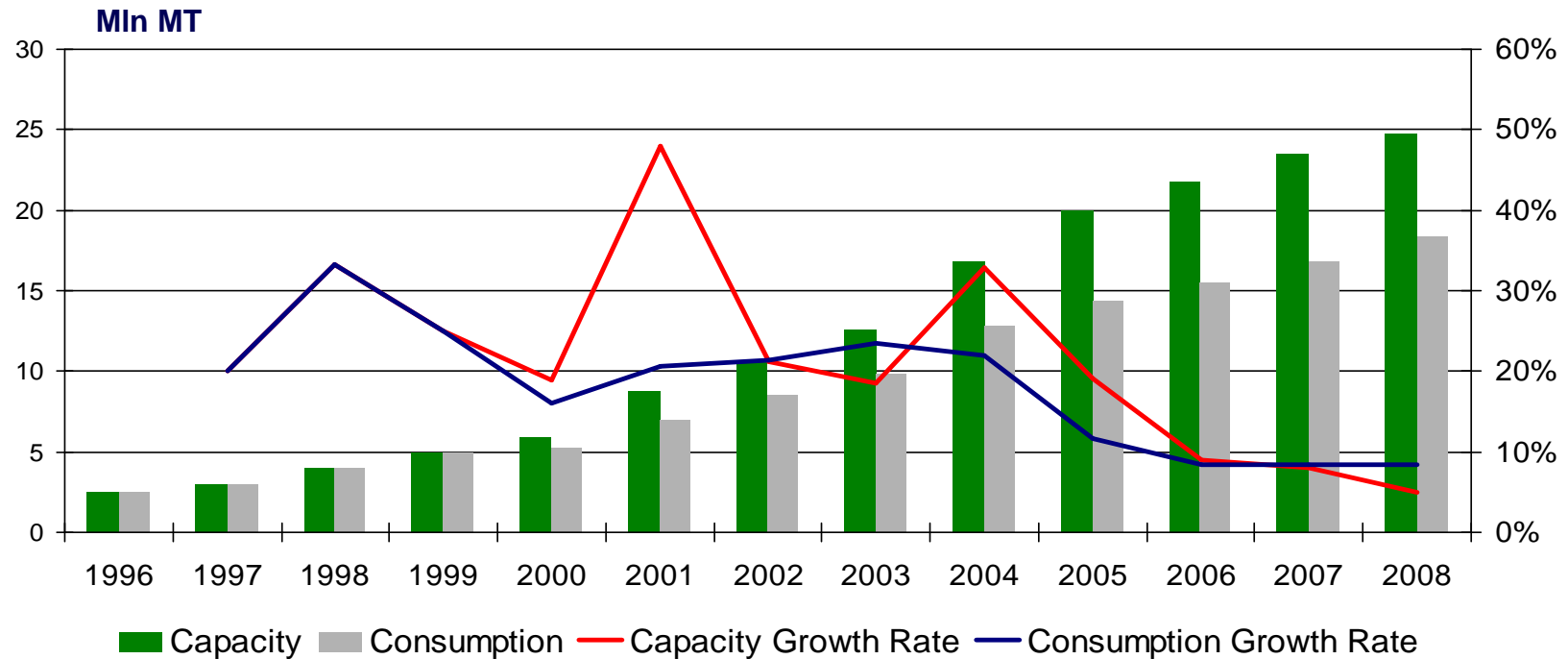
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***Chinese PET Supply & Demand***

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## Polyester Overcapacity - China



- Capacity growth rate: estimated 2006 9%, 2007 8%, till 2010 5%
- Consumption growth Rate : estimated 2006-2008 8.5%

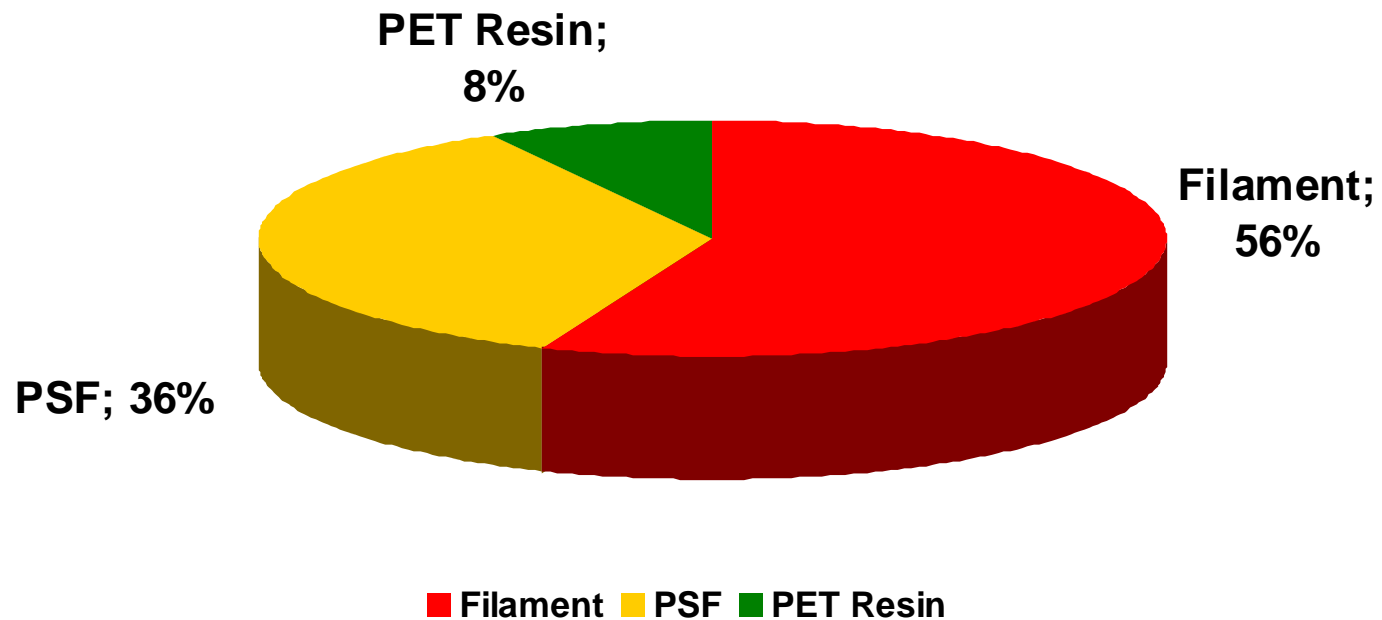


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Source: [www.cheminfo.gov.cn](http://www.cheminfo.gov.cn),  
[www.ctei.gov.cn](http://www.ctei.gov.cn)



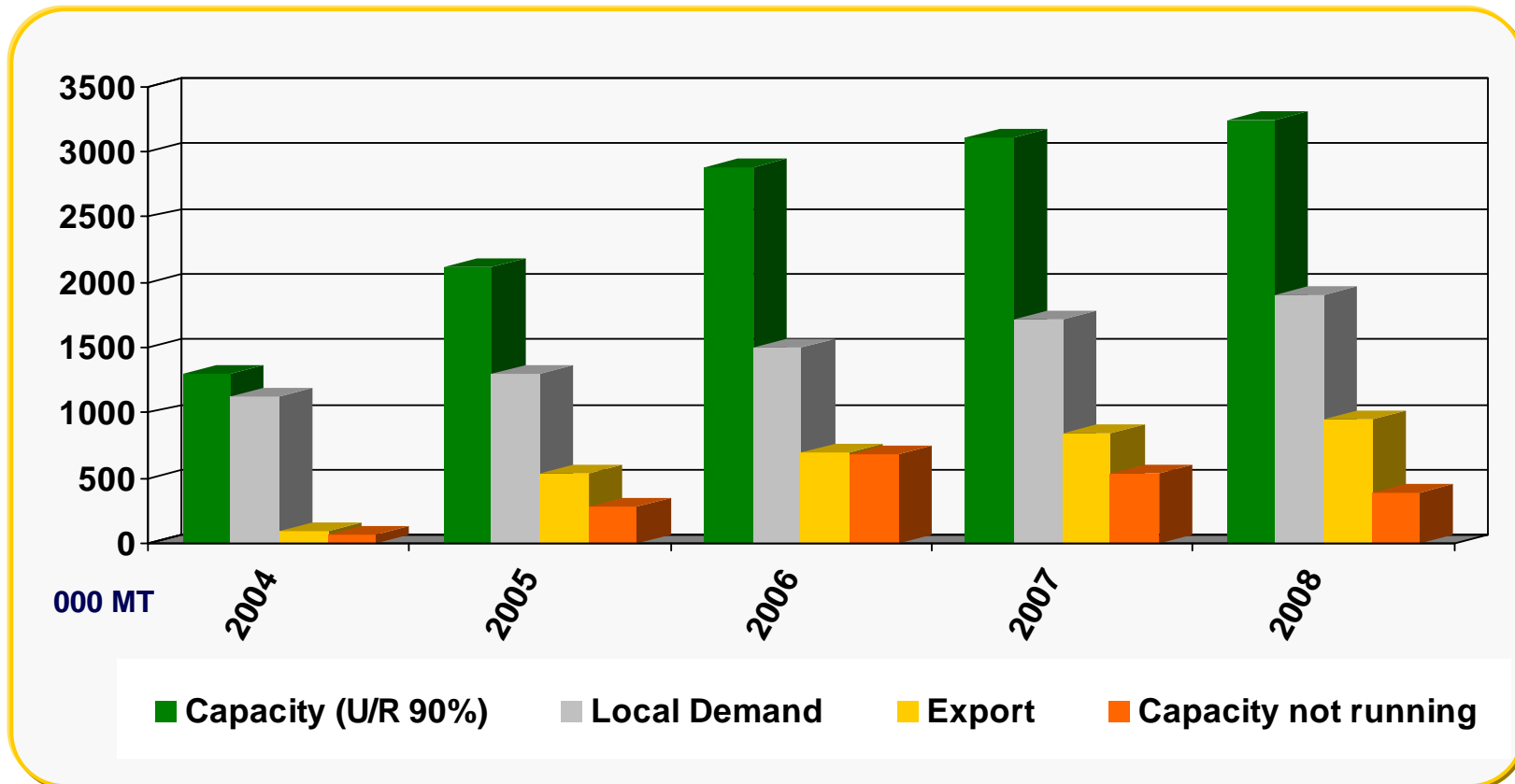
## **Polyester by application 2006 - China**



*Proud to serve solutions.* Source: [www.ycfc.com](http://www.ycfc.com)



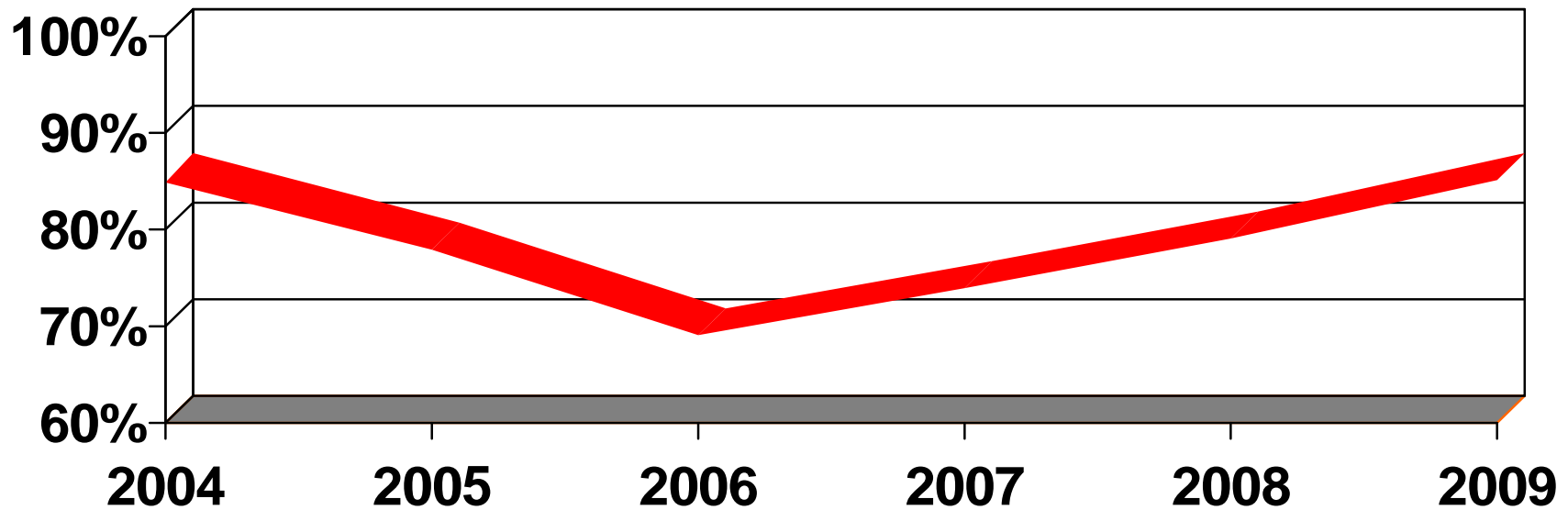
## Chinese PET Supply and Demand Balance



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## Chinese PET Producers - Utilisation Rate



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***Chinese PET Exports***

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# Main Chinese PET Plants



★ GSI China Office

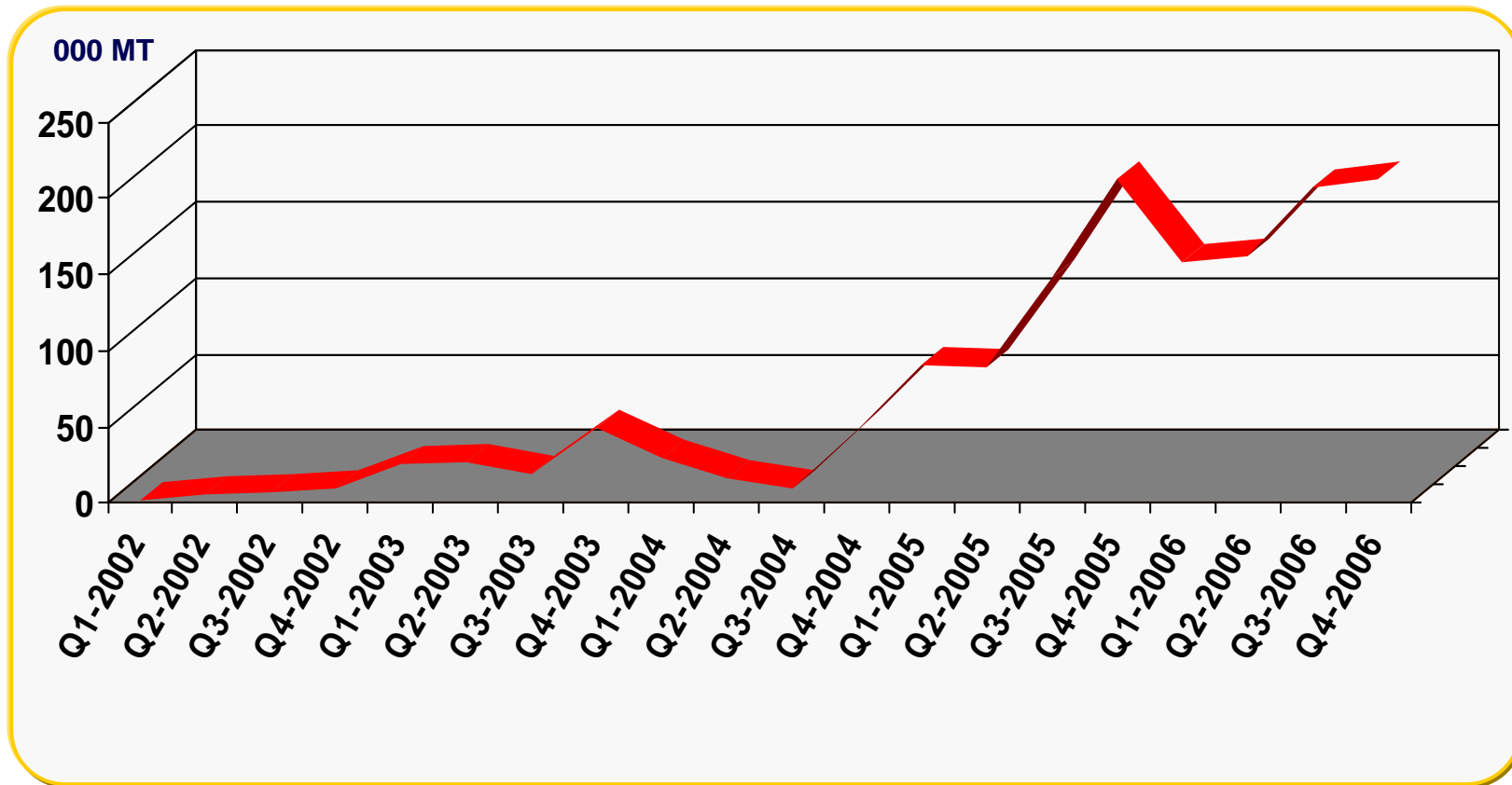
★ Main PET Producers



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## PET Exports

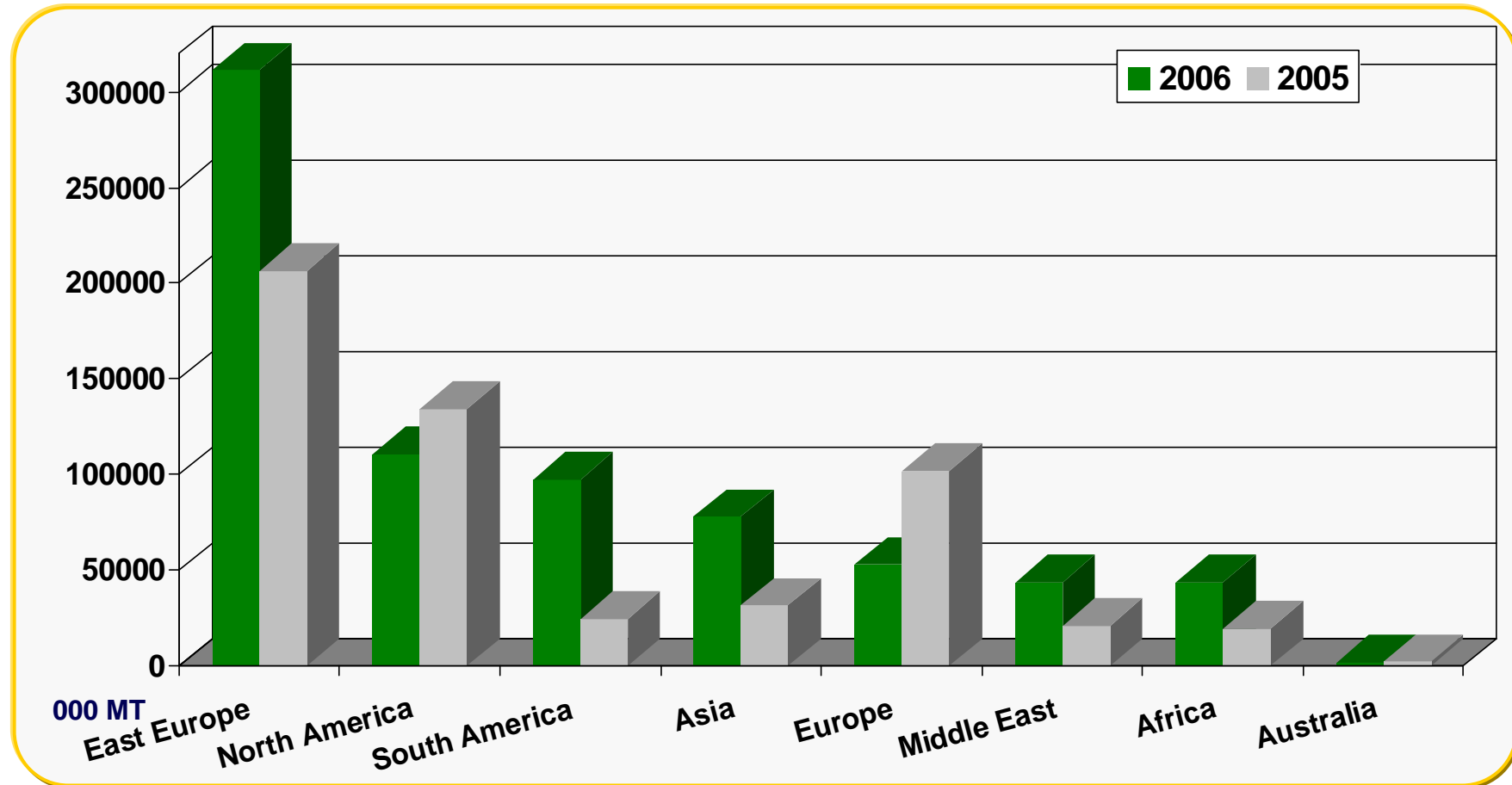


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Source: China Customs



## Chinese exports by Area



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## **Why the PRC is becoming a major player in the PET industry**



**Good access to:**

- money both from local authorities and International investors**
- man power for the plant construction and operation**
- land**



**Local technology available for key and secondary equipments**



**Good potential growth for the domestic 1,3 billion people PET consumption. PET per capita consumption is 1kg/person**



**Local authorities ready to support the construction and the operation of PET plants**



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## **New applications for PET packaging**

-  ***Domestic Demand and Export Business can not absorb Chinese PET potential Production for the coming years***
-  ***New technologies are allowing PET to be used for relevant applications***
-  ***Beer, hot drinks and milk applications can balance Chinese Pet Supply***
-  ***Efforts for using PET in new applications will have to come from the Chinese PET production industry***



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***Chinese PET Competitive Arena***

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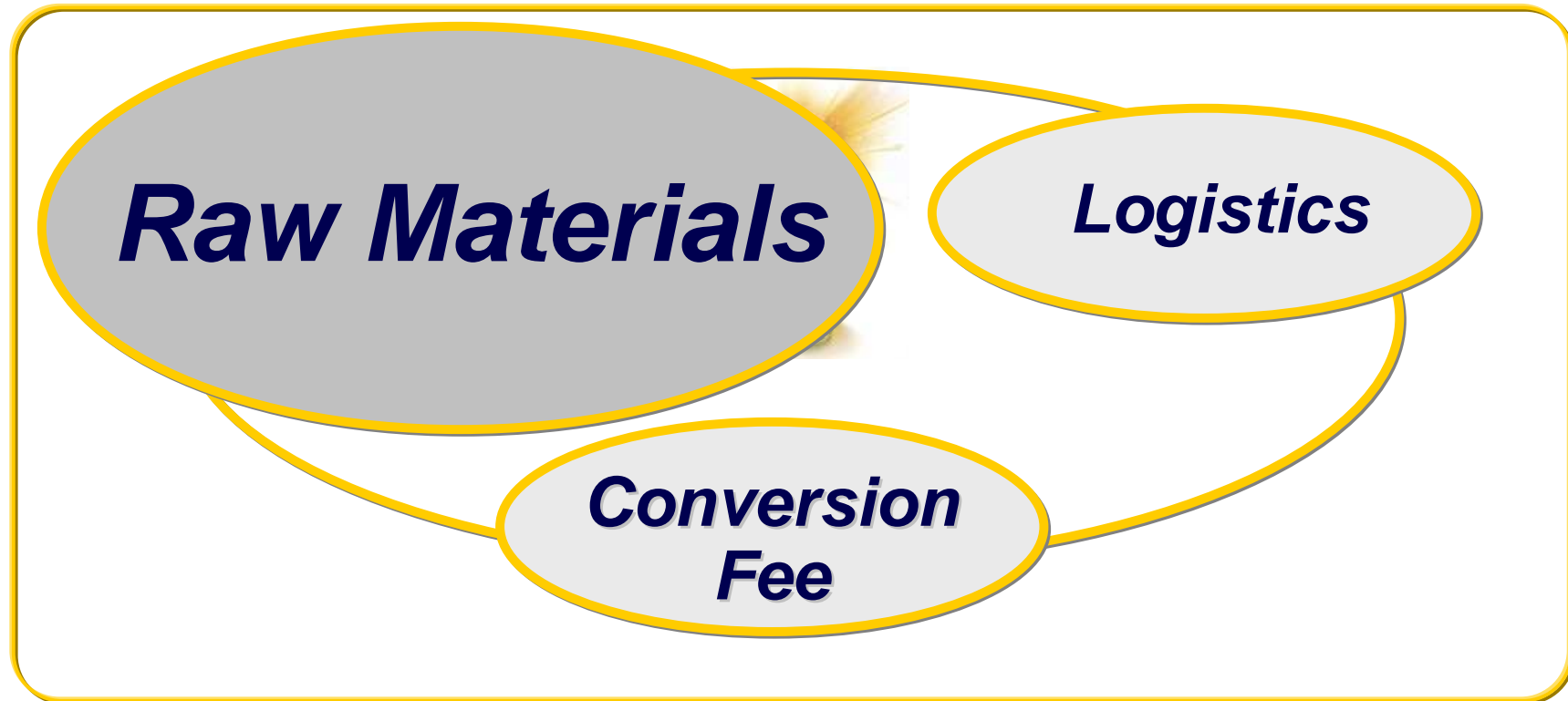
## The Competitive Arena



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## **The Competitive Arena**



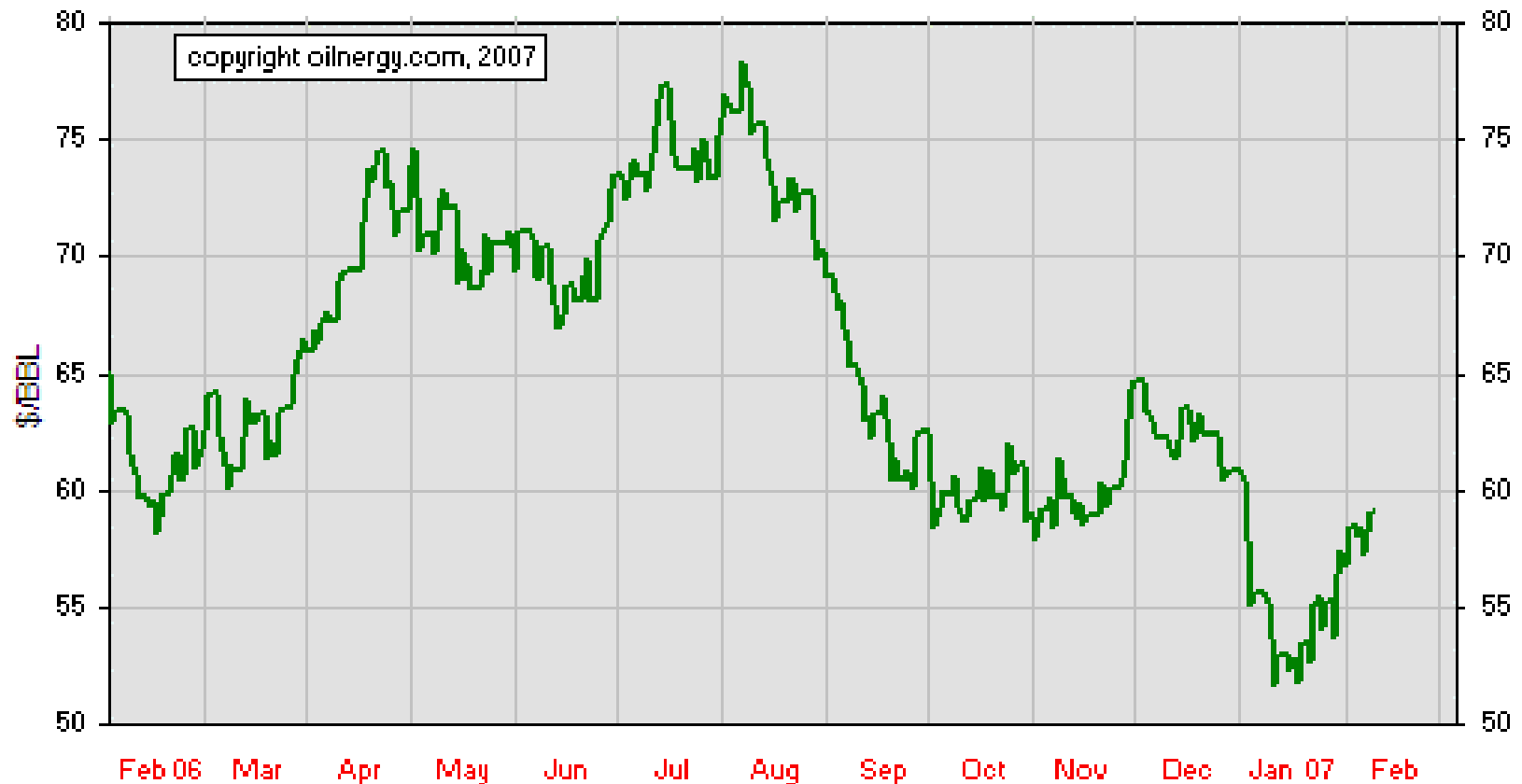
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## Oil Price volatility has an impact on Polyester

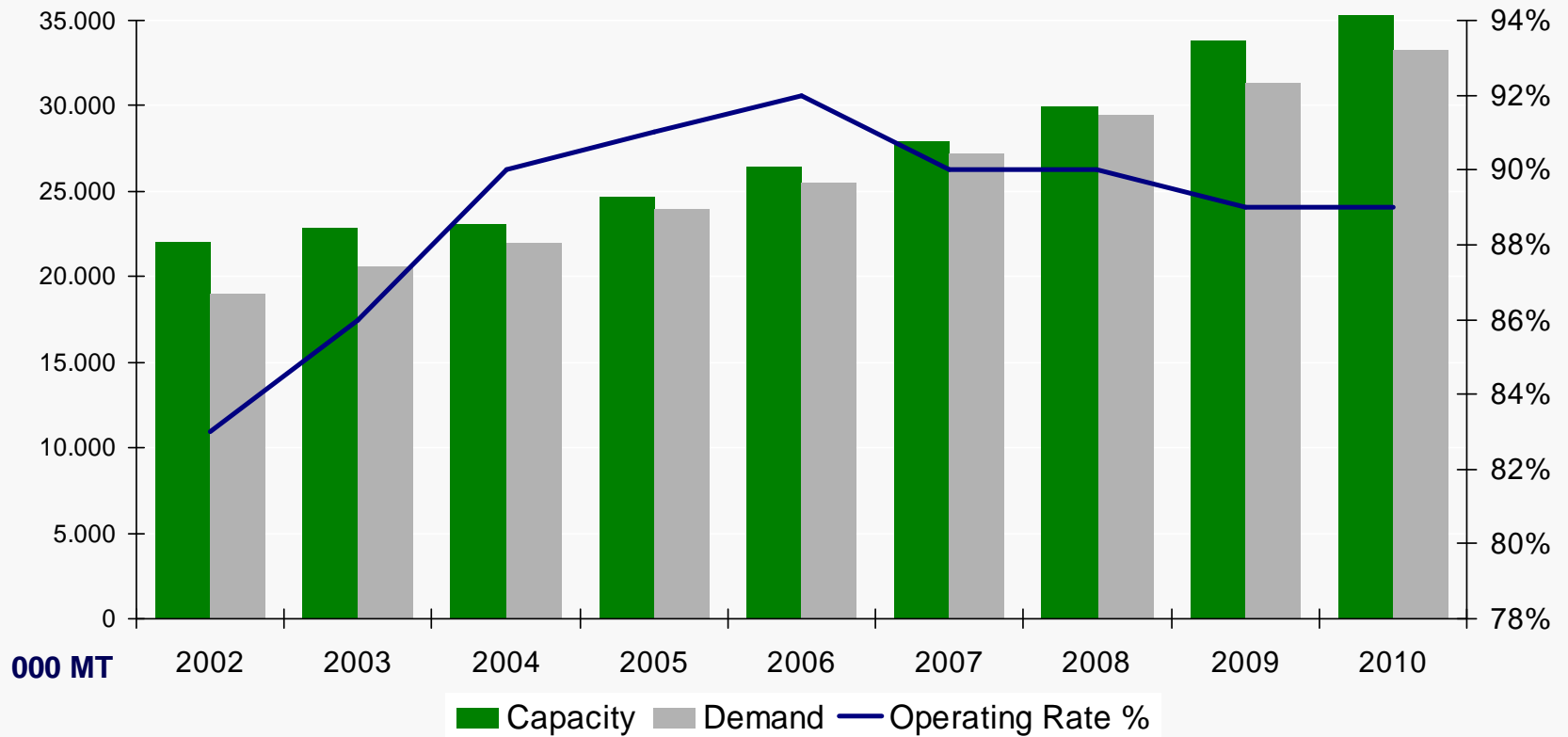
### ICE Brent Crude - Daily Closing in 12 previous months



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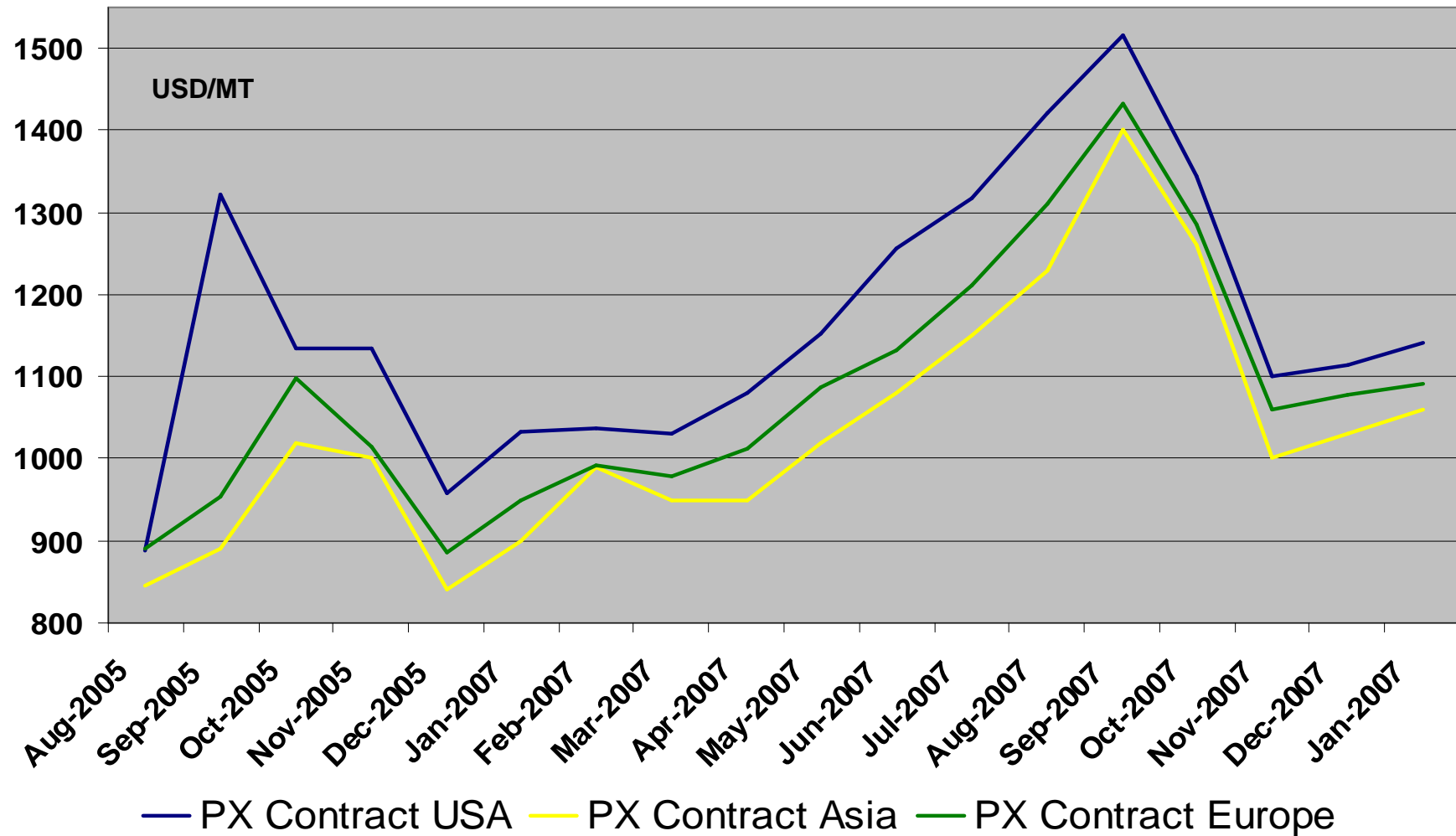
## Global PX Outlook



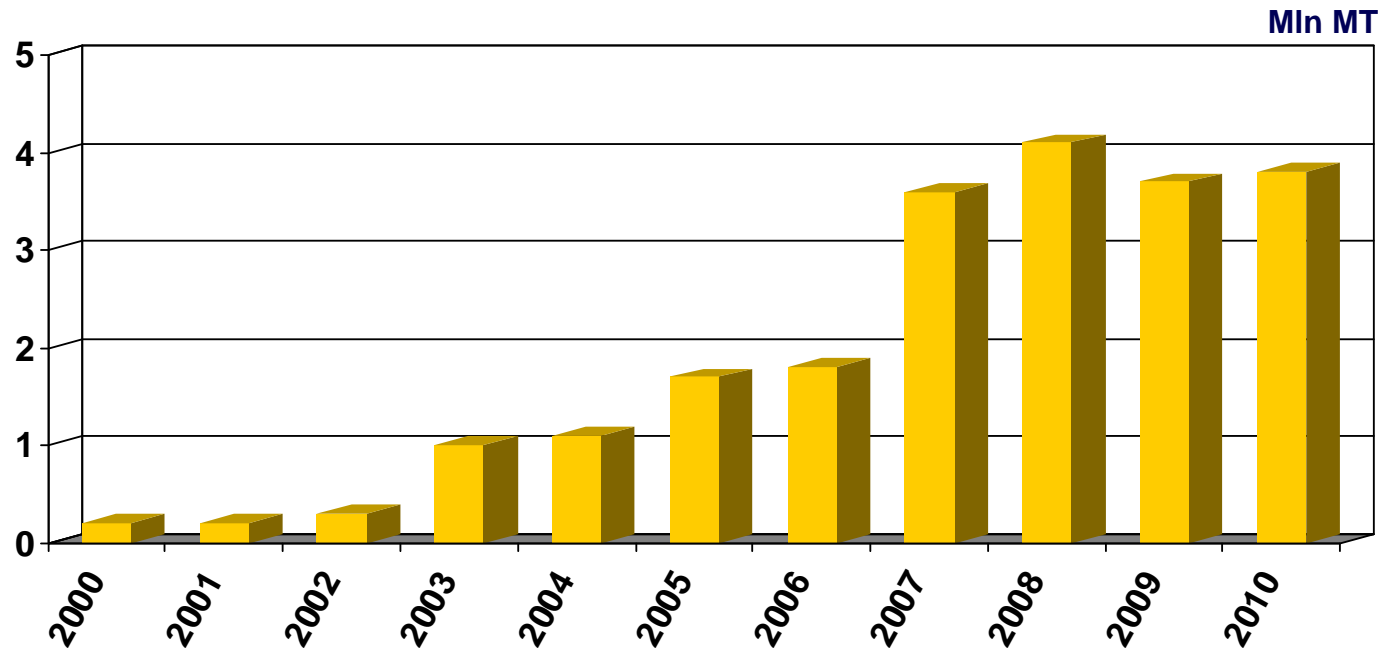
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## Px Price in USA, EU and Asia



## PX net imports - China



**China will continue to be net importer of Px in the coming years**

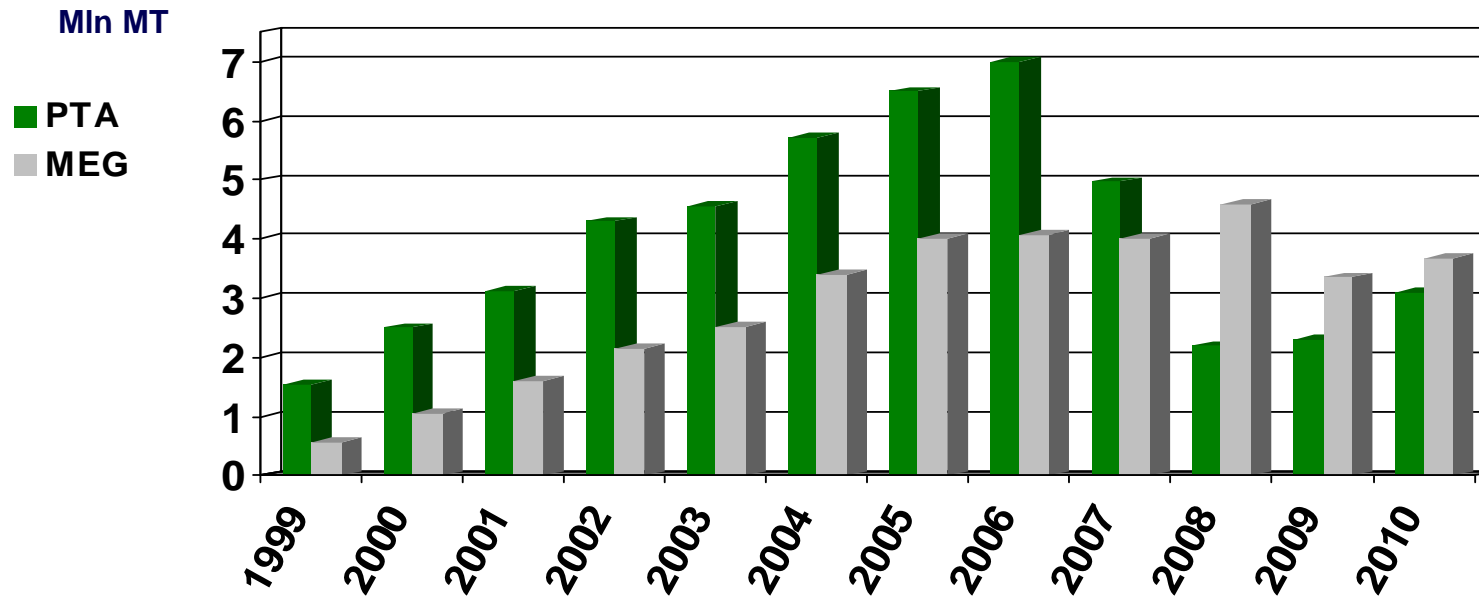


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Source: Reliance



## PTA & MEG Chinese Imports



During 2006 PTA and MEG imports increased by 7,8% and 1,5%

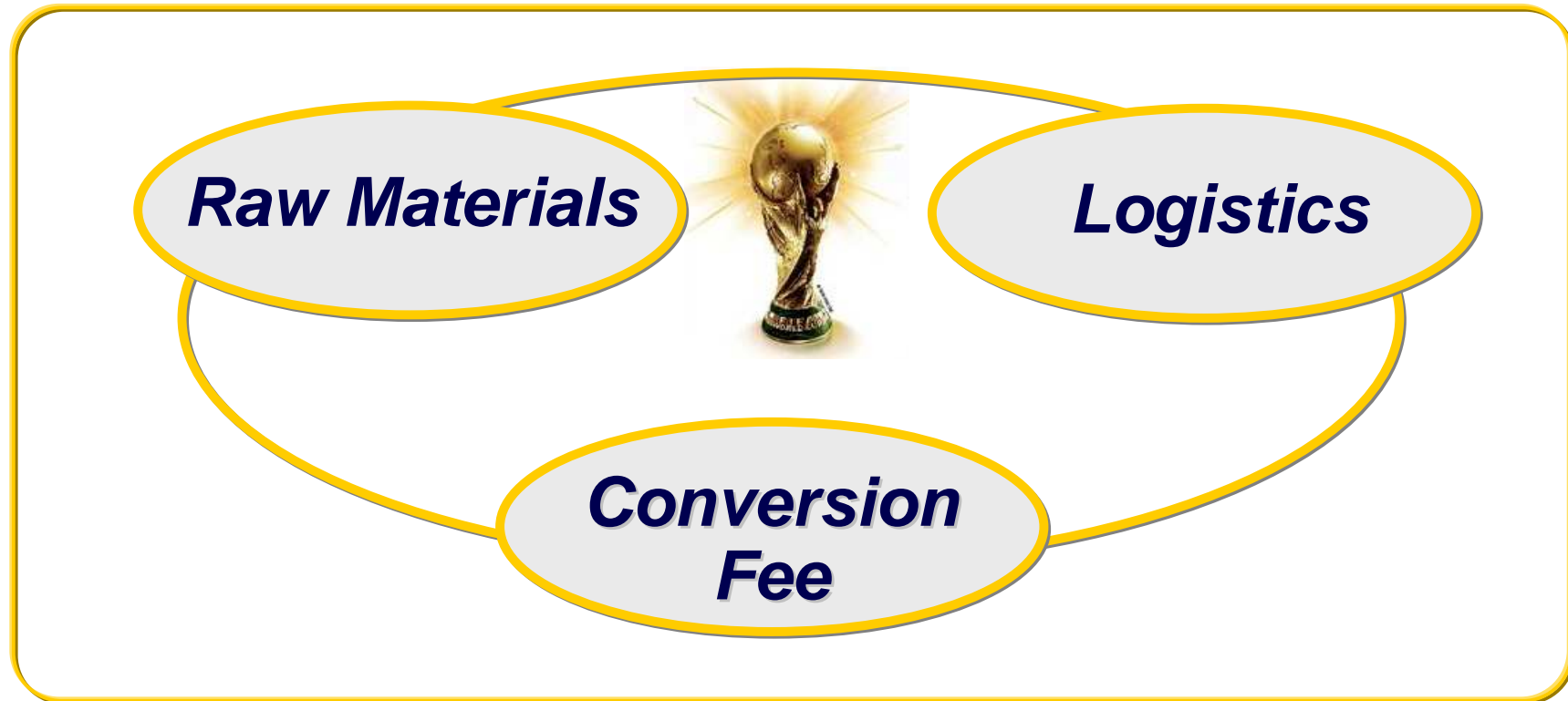


\* 2006 is estimated from the data of Jan-Jul '06

*Proud to serve solutions.* Source:China Customs



## **The Competitive Arena**



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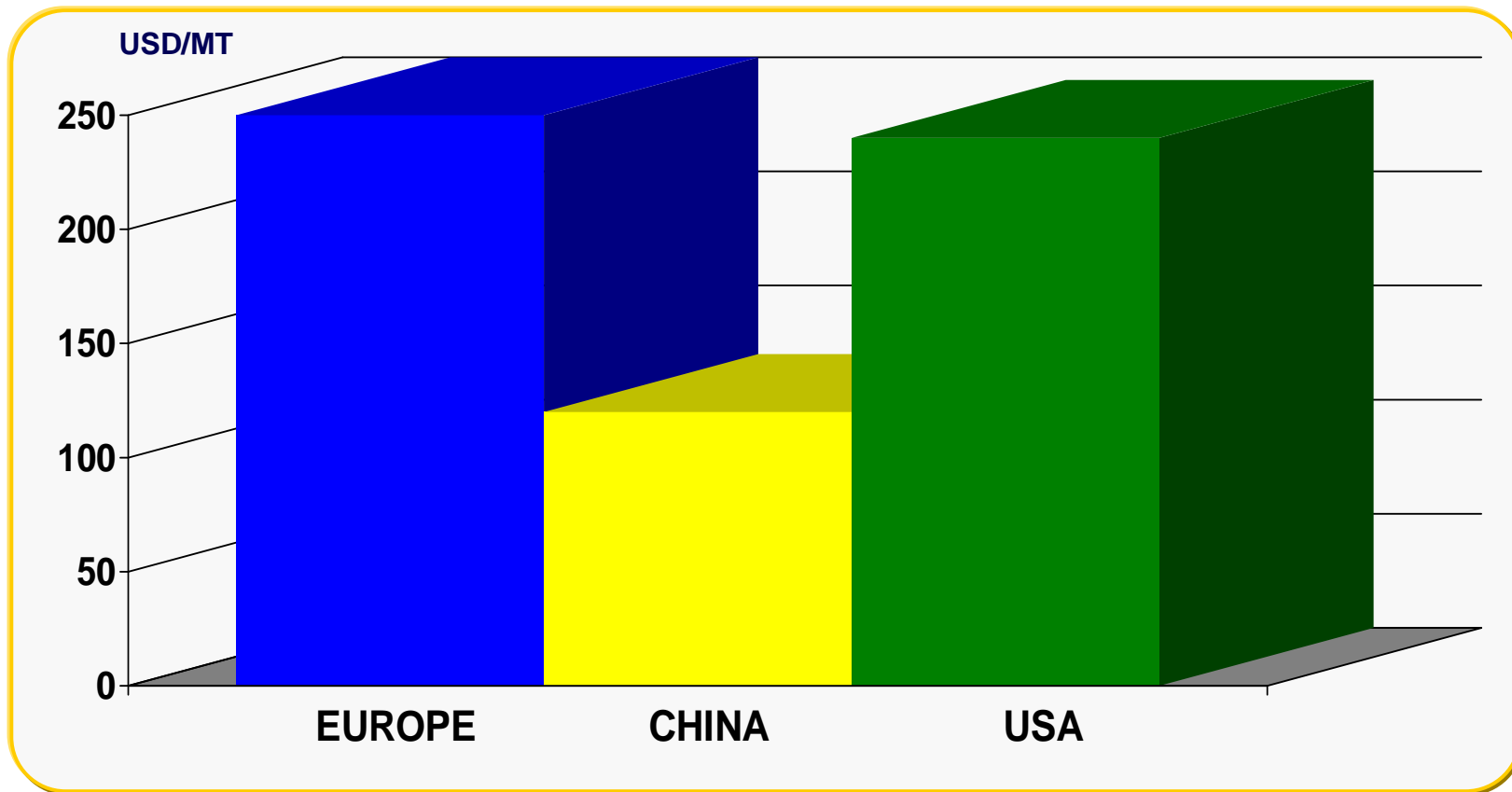
## **The Competitive Arena**



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## Conversion Fee analysis

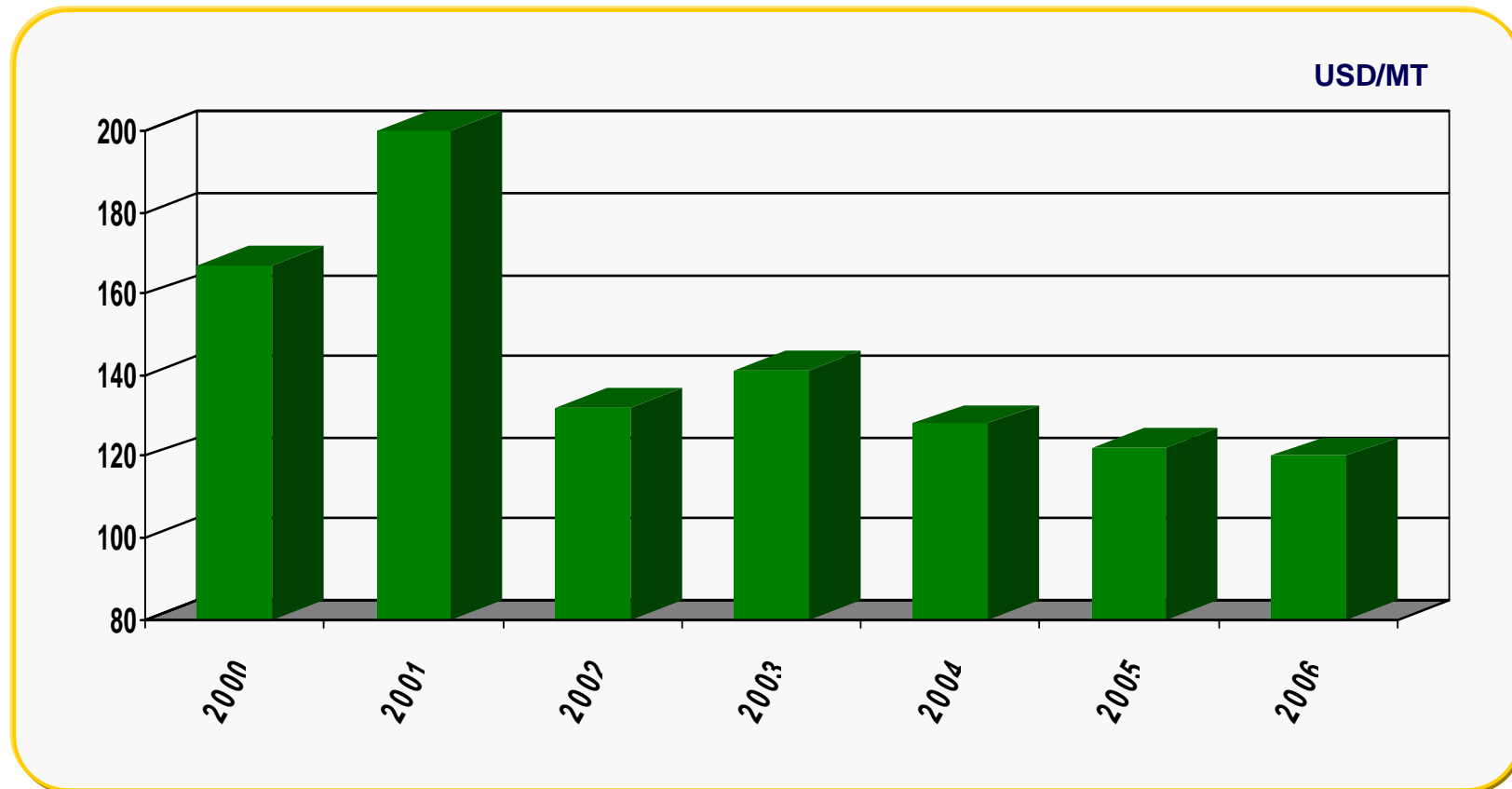


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## Chinese PET producers conversion fee



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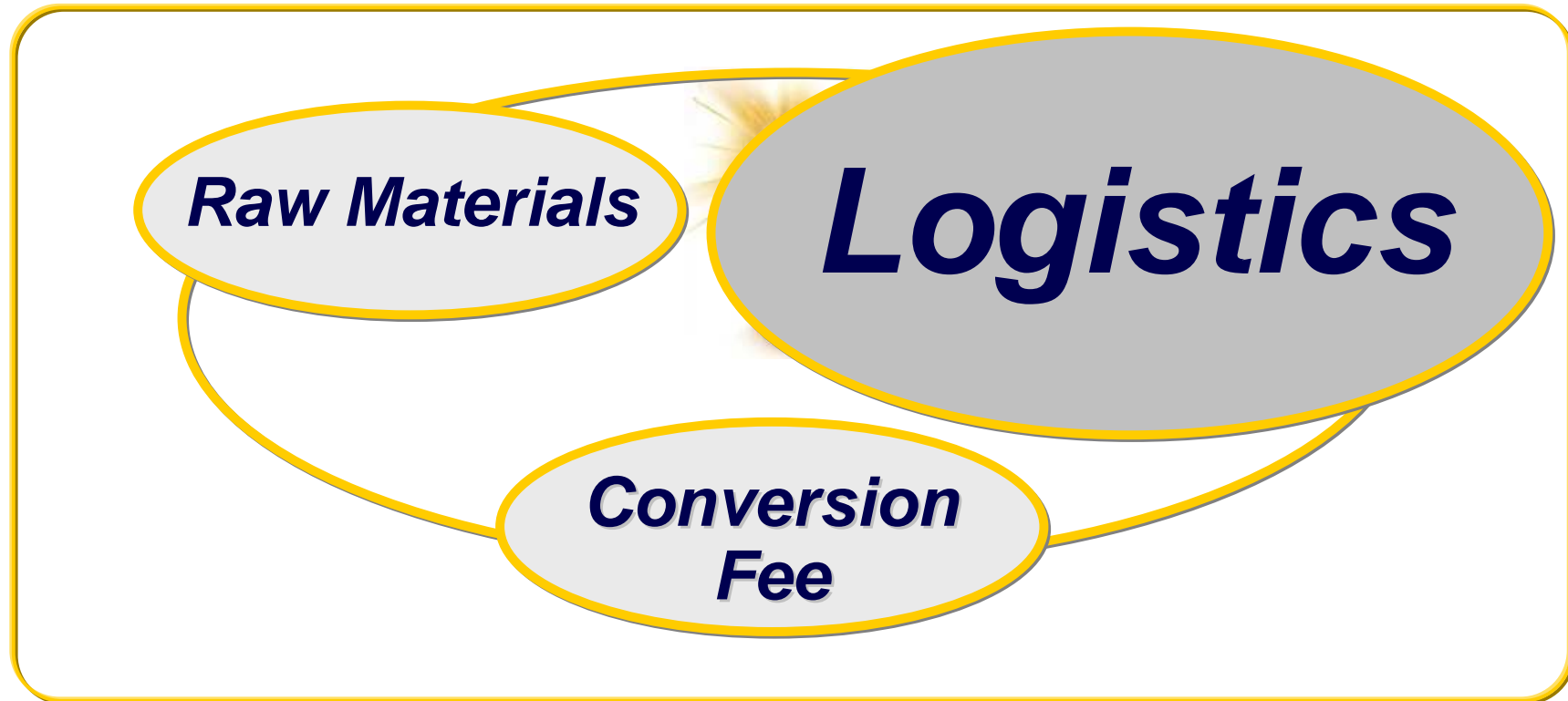
## The Competitive Arena



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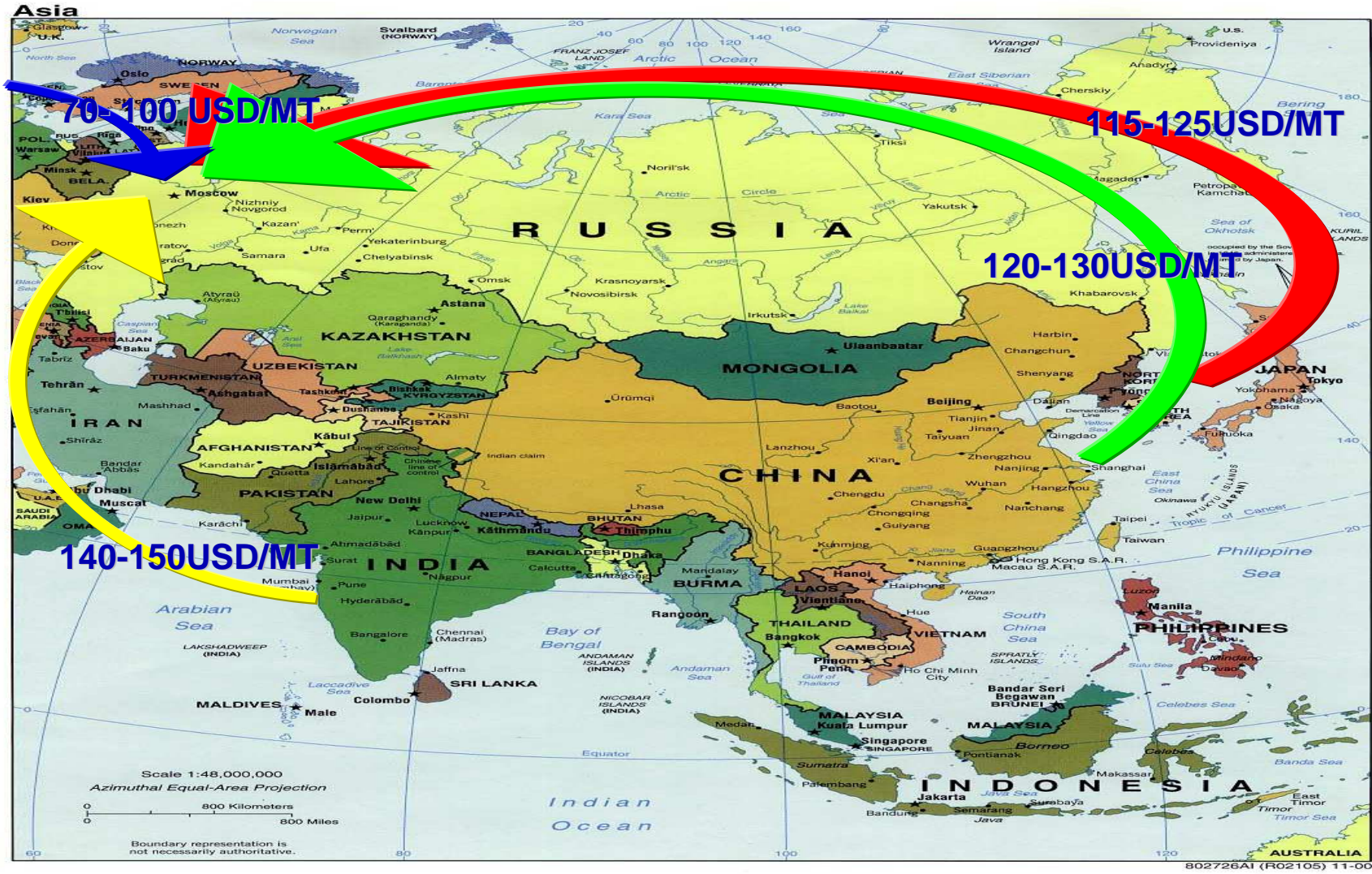
## The Competitive Arena



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# Logistic savings to Russia (Moscow)



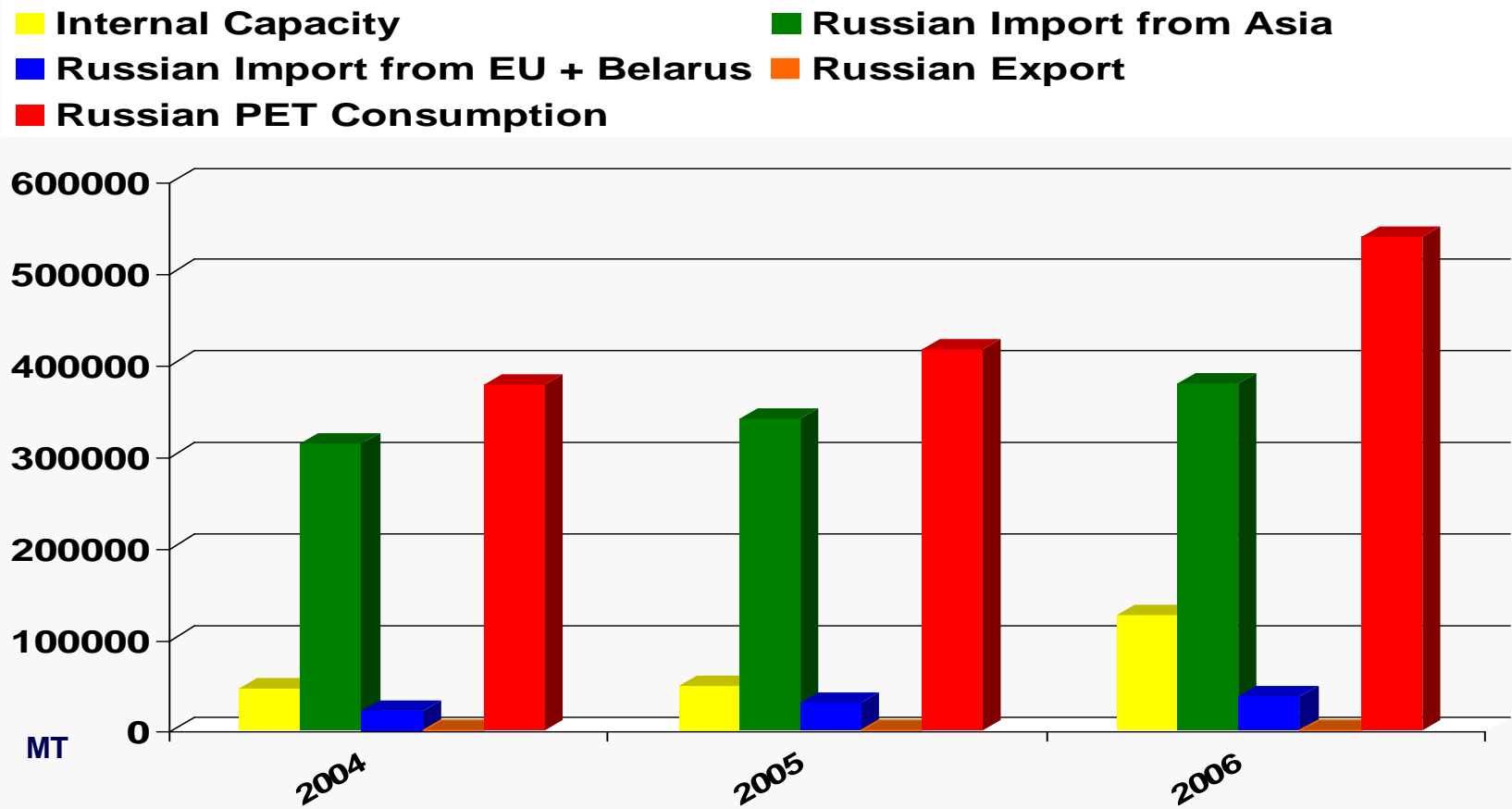


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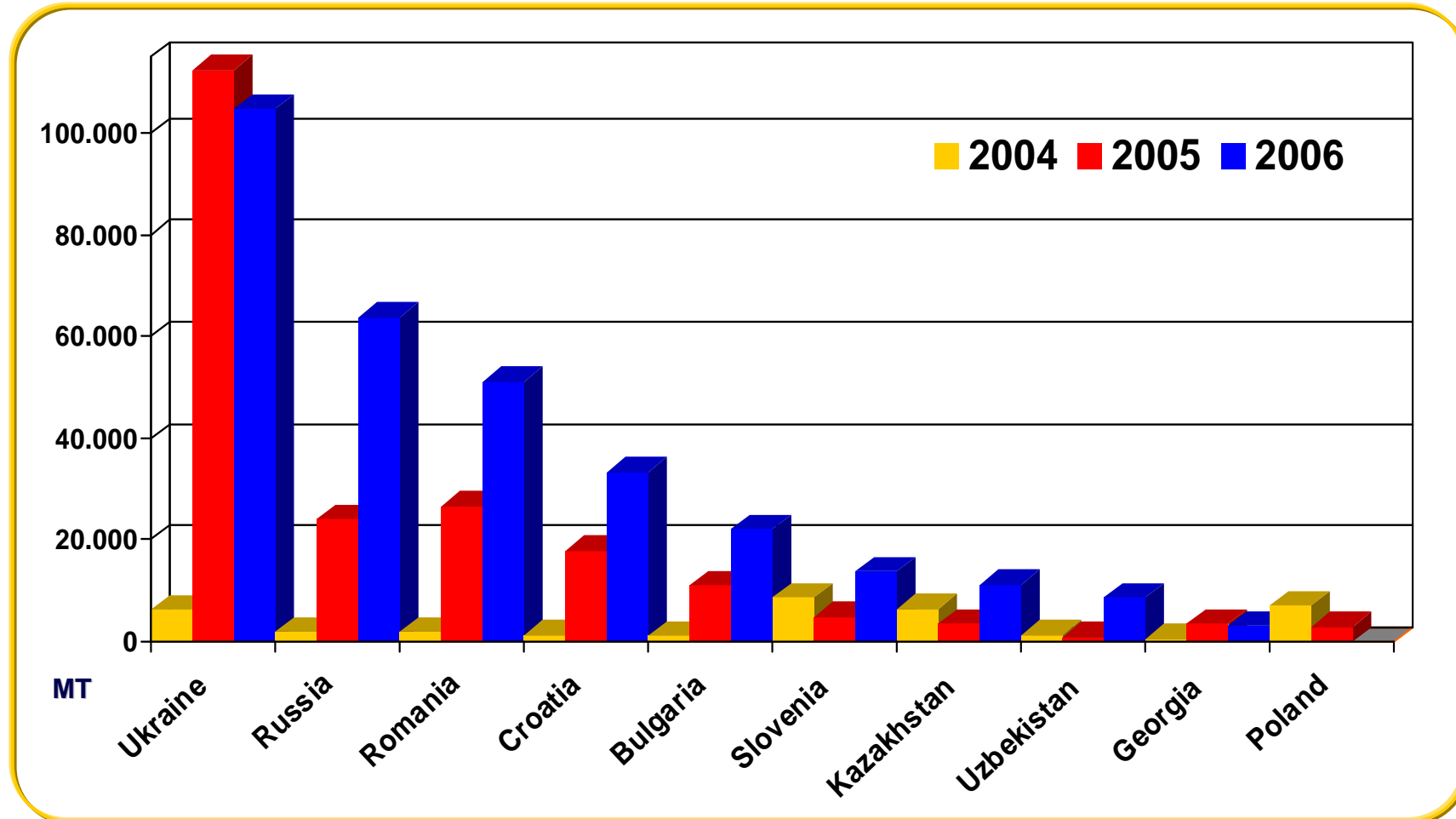
***Russian PET Imports***

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## Russian PET imports 2004 - 2006



# Chinese PET Export to East Europe

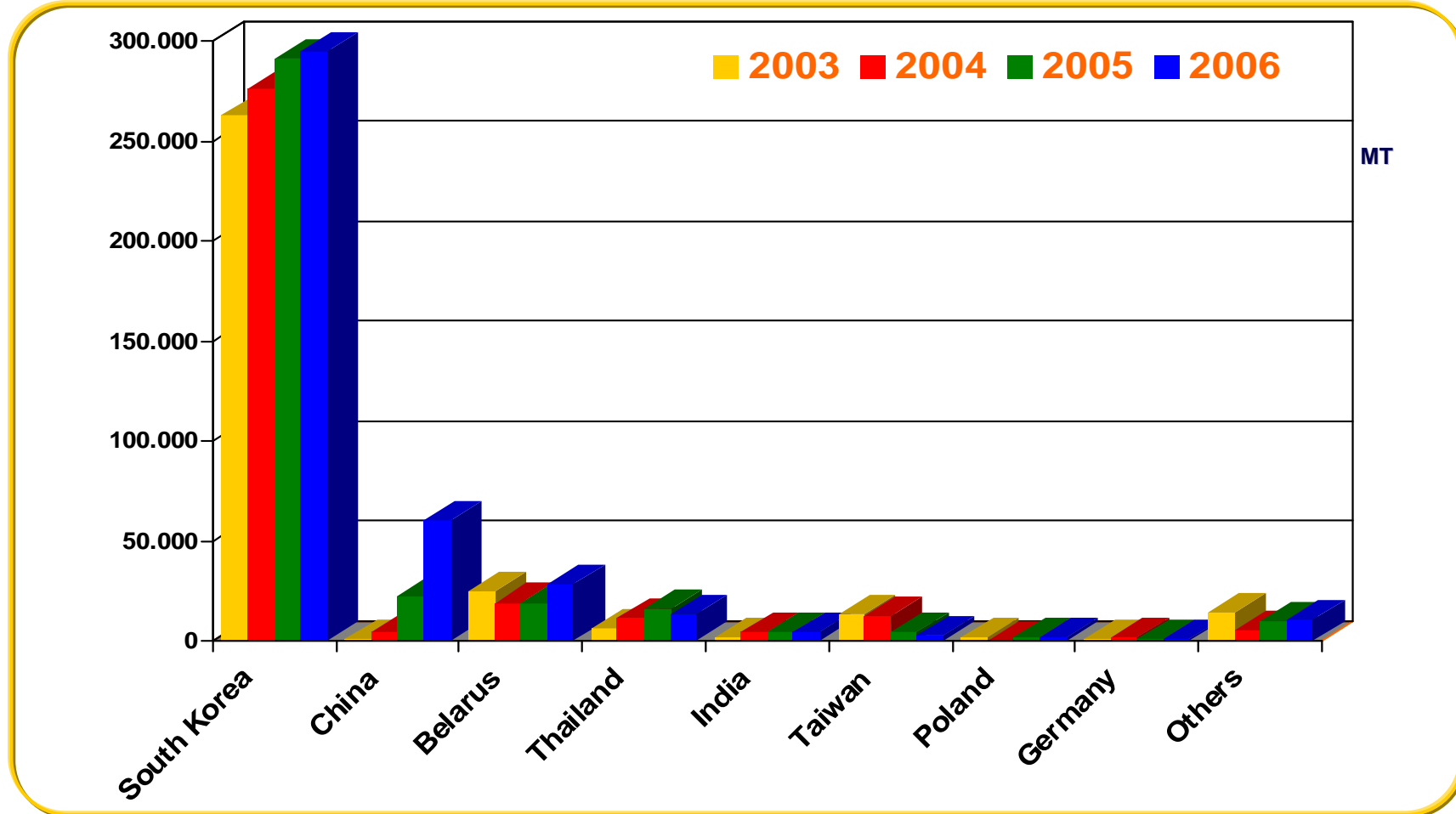


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## PET imports into Russia



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## ***Conclusions***

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## **Conclusions**

*Chinese PET Producers have become important players into the Russian PET Market and their market share will grow due to:*

- 1) competitive availability of Px*
- 2) low acceptable conversion fee*
- 3) efficient logistic costs to reach Russian countries*
- 4) the necessity for Russian PET Buyers to have an alternative to the consolidated sources*



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*PET Supply moving to a competitive arena*



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