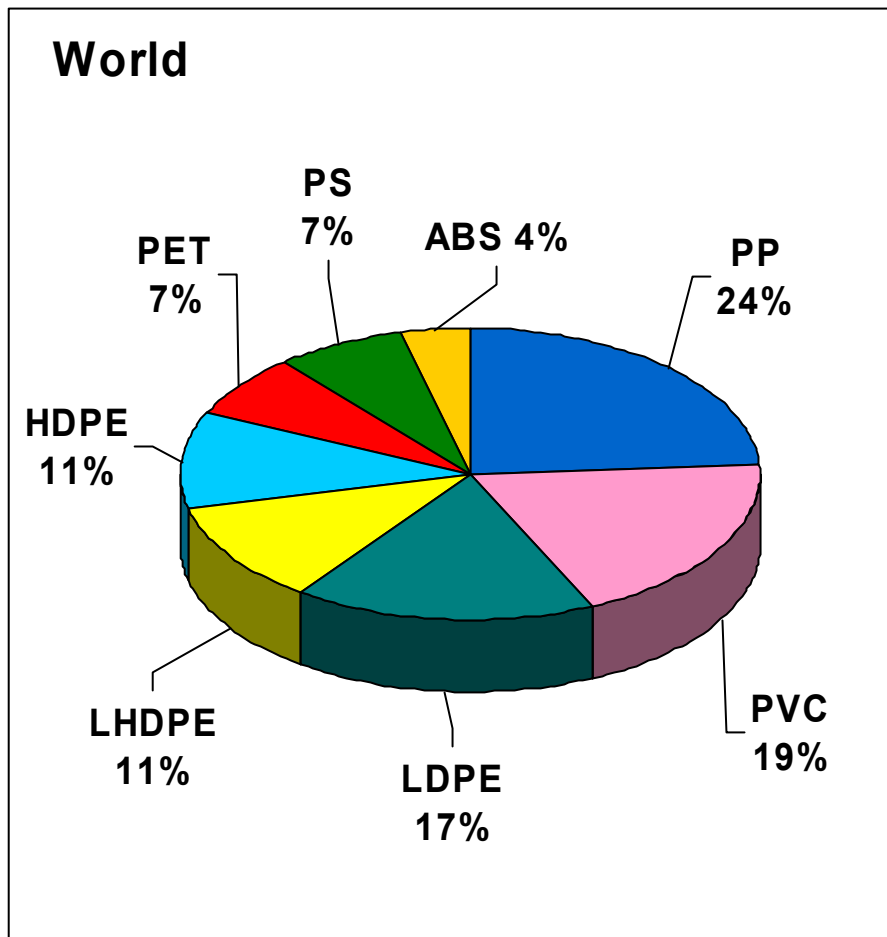


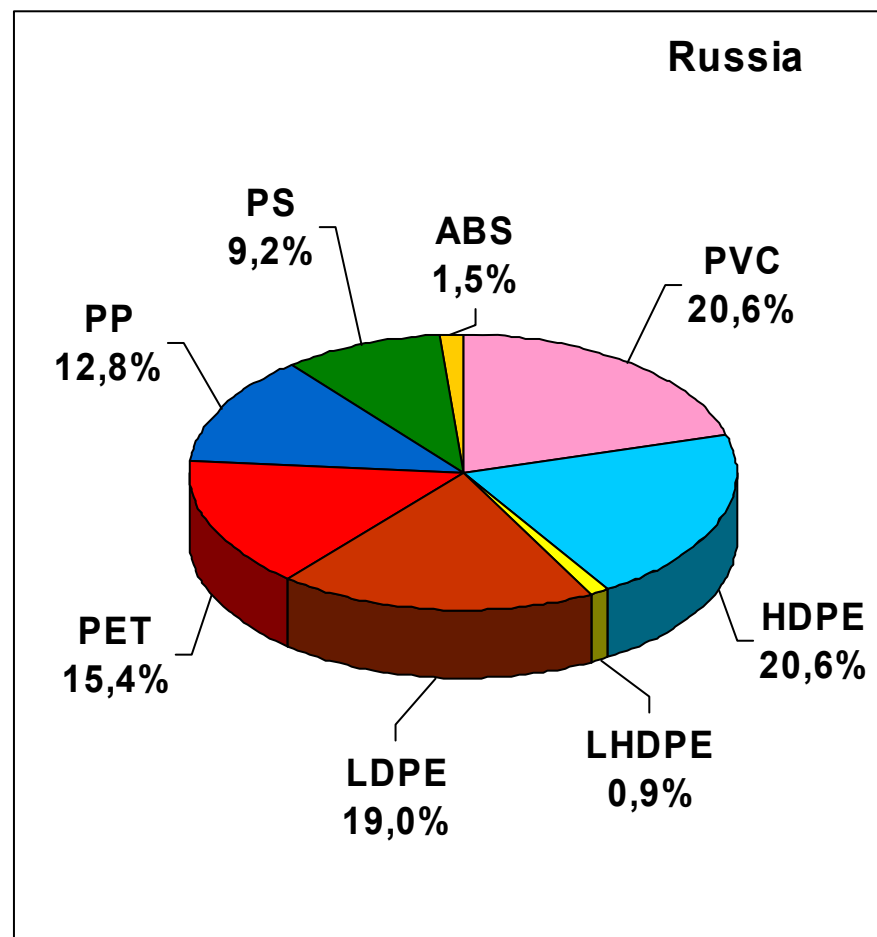
Russian PET market: state and prospects of development

Tamara N. Khazova, PhD in Economics, CREON Vice-President

Thermoplastics consumption in 2004



World consumption – 156.9 million tons

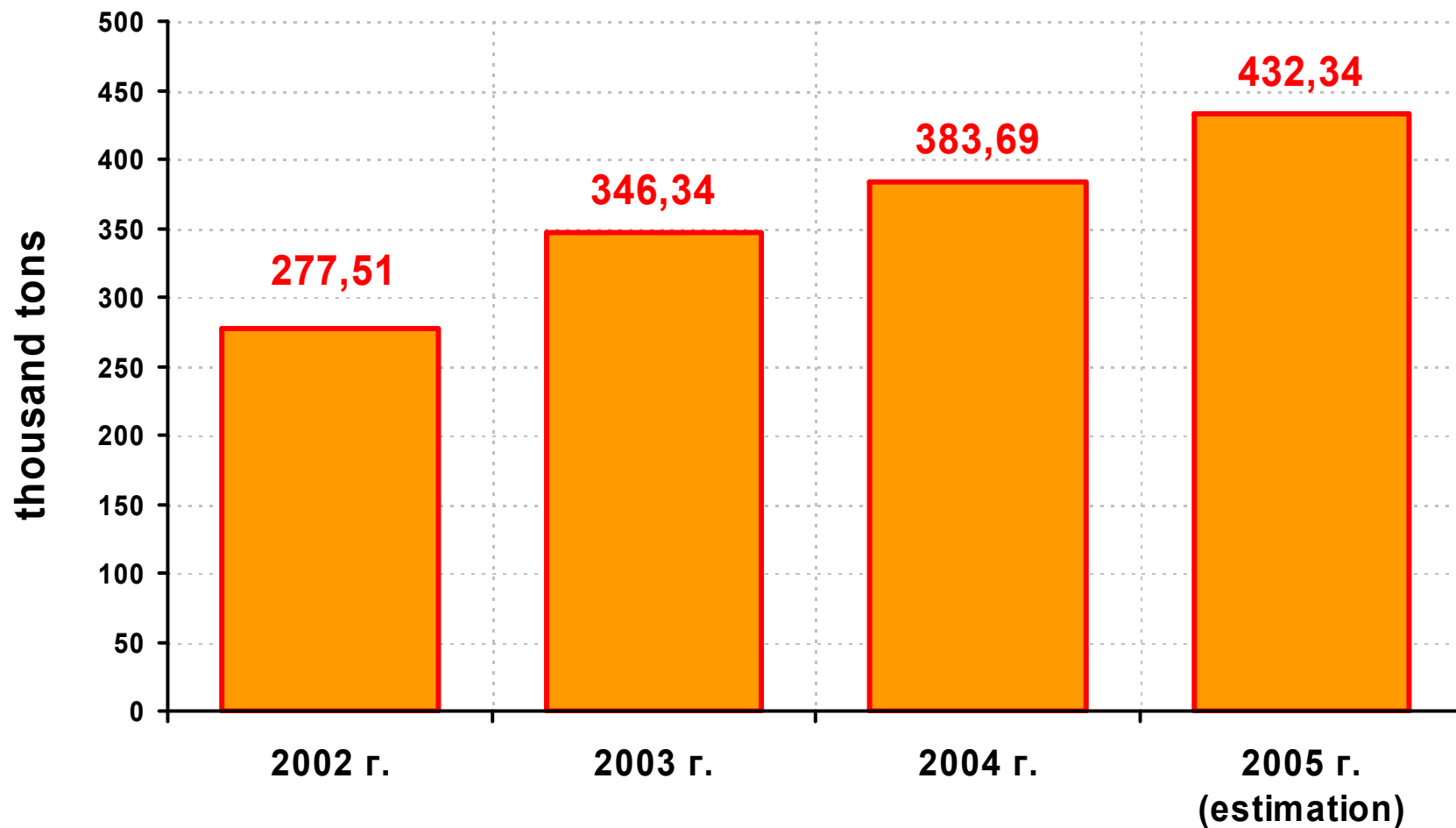


Consumption in Russia – 2.35 million tons
(1.5 percent of the world total)

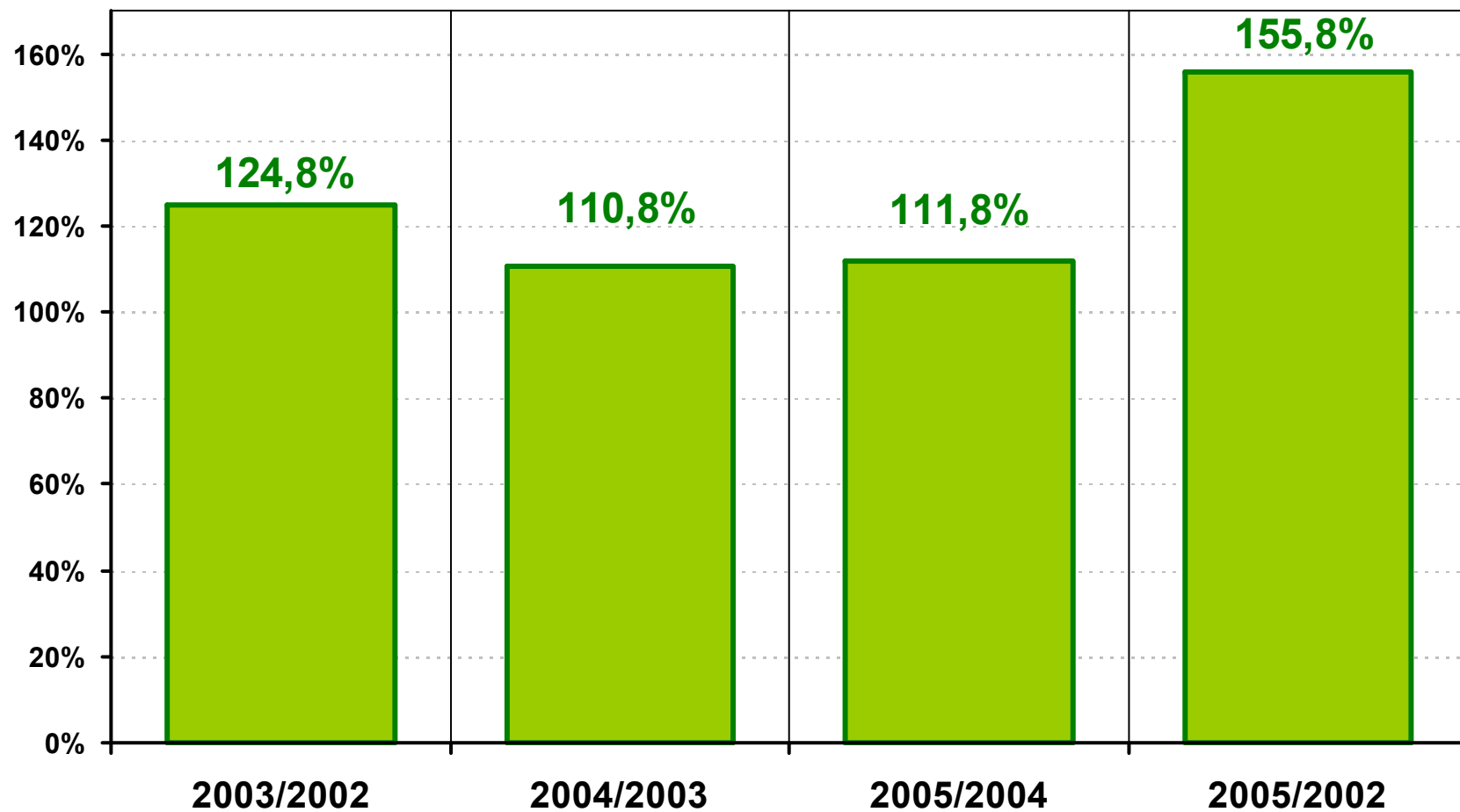
Russian PET market capacity

Parameter	2002	2003	2004	2005 (estimate)
Production, thousand tons		25,90	57,40	46,50
Export, thousand tons	3,30	5,98	7,19	5,75
Import, thousand tons	280,81	326,42	333,48	391,59
Domestic market, thousand tons	277,51	346,34	383,69	432,34
Export share in production, percent		23,1	12,5	12,3
Import share on the domestic market, percent	100,0	94,2	86,9	90,6

Development pattern of the Russian PET market



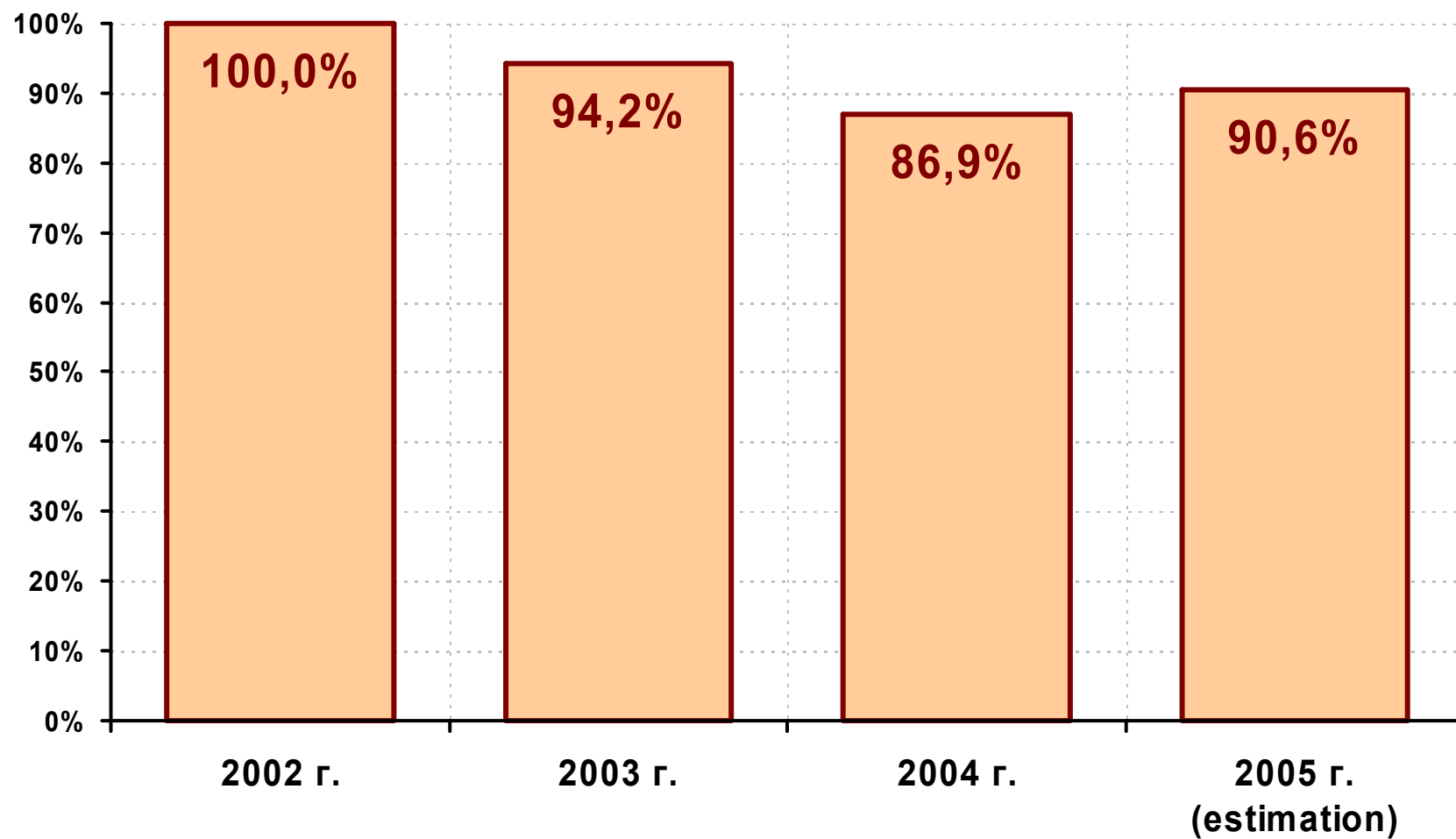
Price growth rate on the Russian PET market



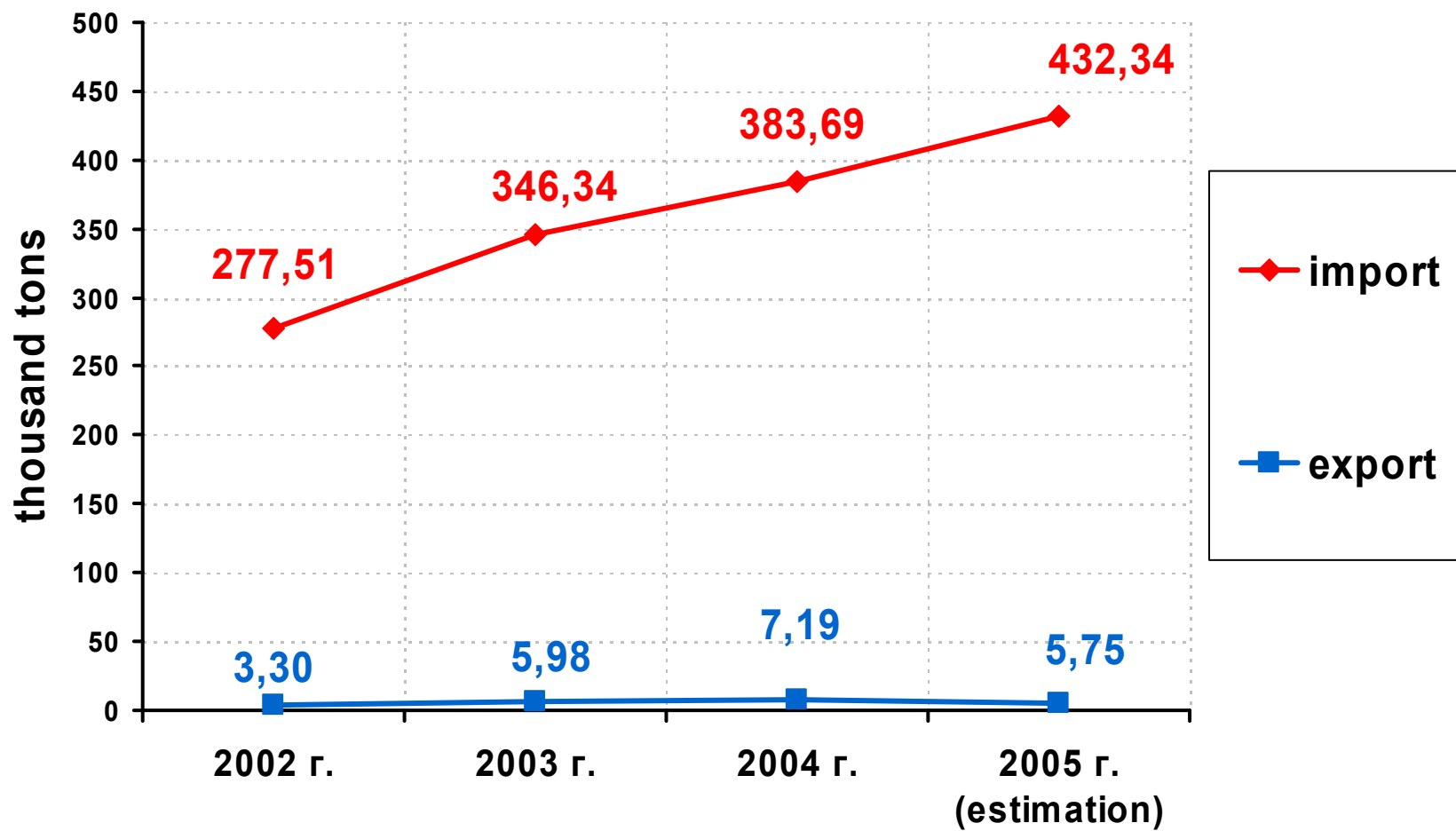
PET production in Russia

Parameter	2003	2004	2005 (estimate)
Capacity, thousand tons	52,6	52,6	52,6
Production, thousand tons	25,9	57,4	46,5
Operating rate, percent	49,2	100	88,4

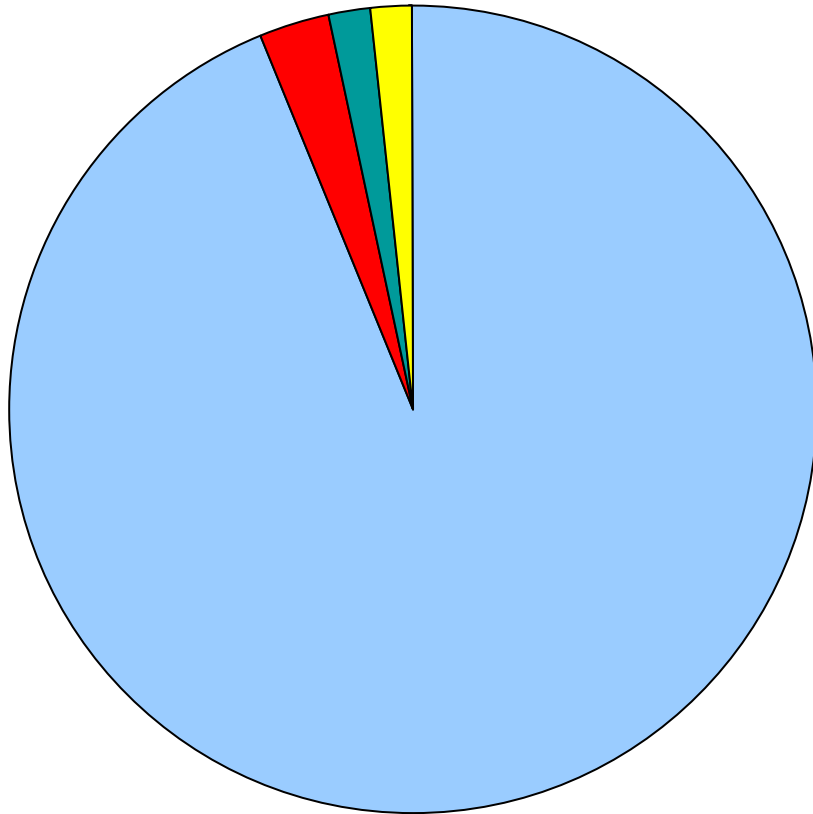
Import share on the Russian PET market



PET export and import patterns



PET import breakdown in 2004



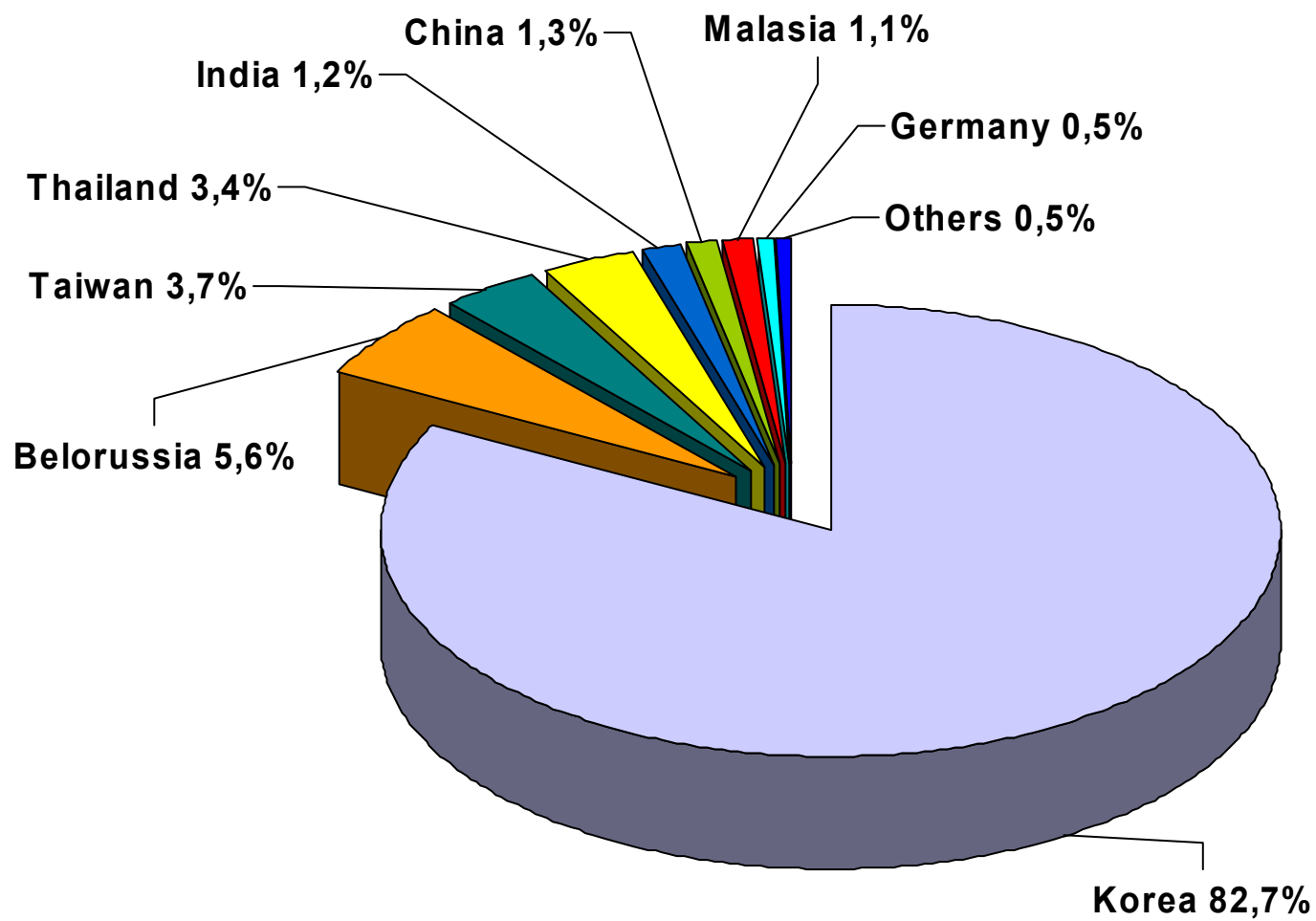
 **bottle grade 93,8%**

 **fiber grade 2,8%**

 **film grade 1,6%**

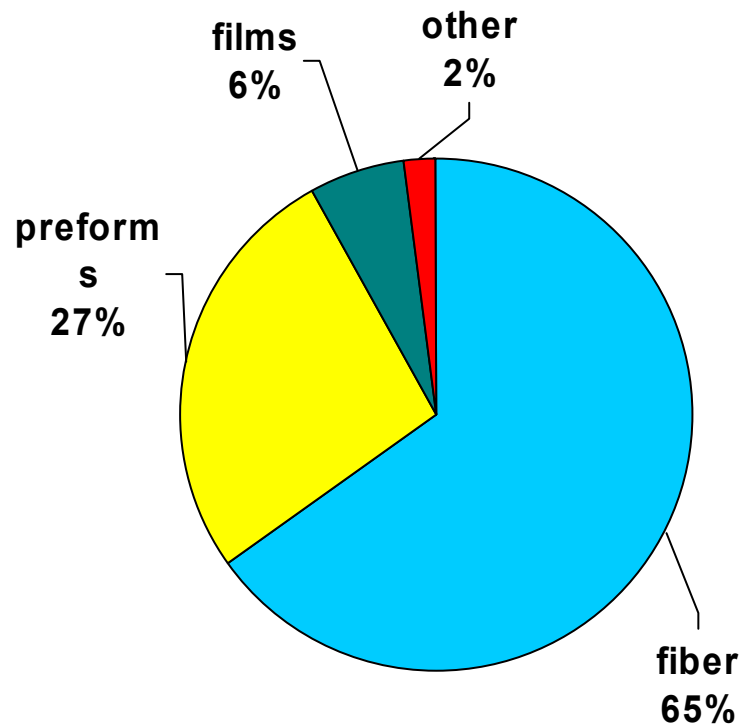
 **other 1,8%**

PET import by region in 2004

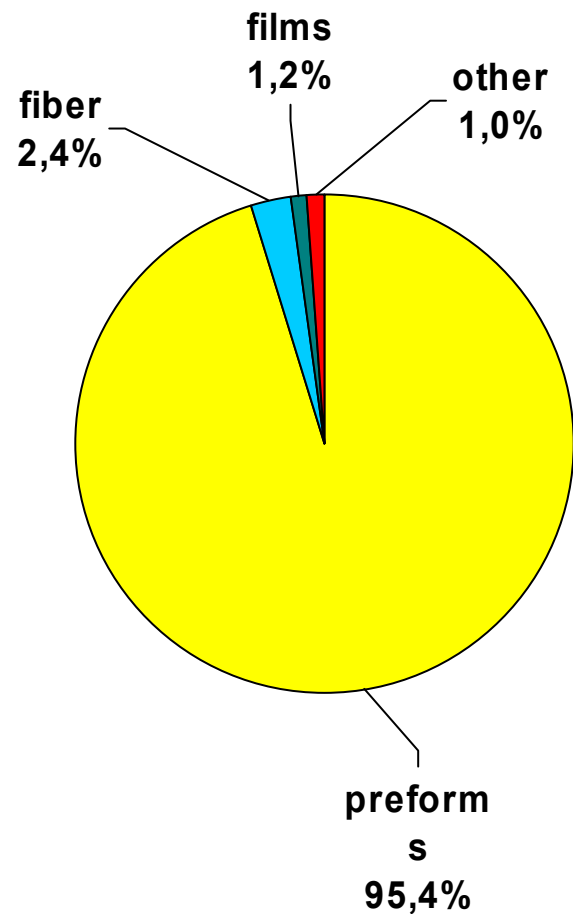


PET consumption

World



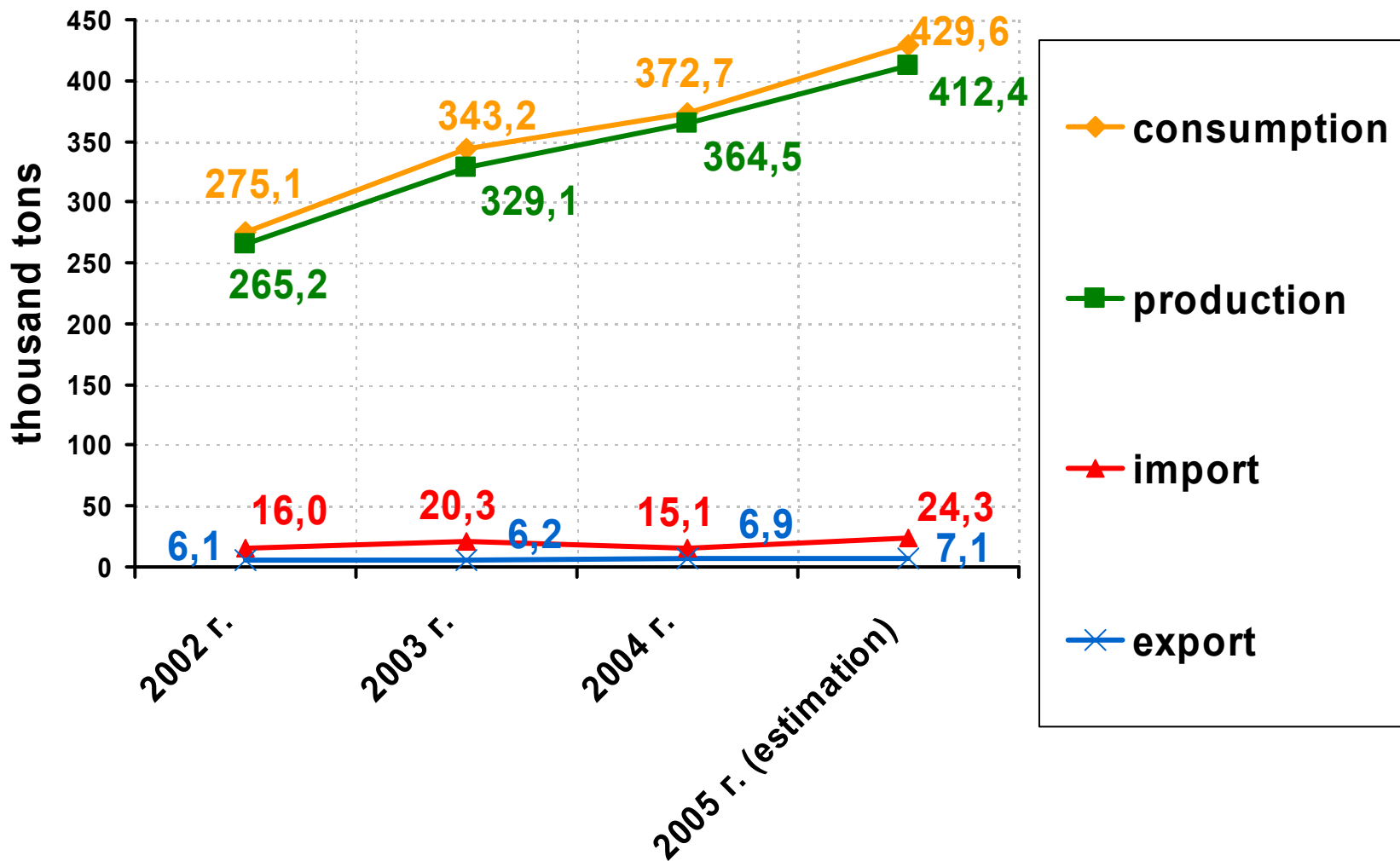
Russia



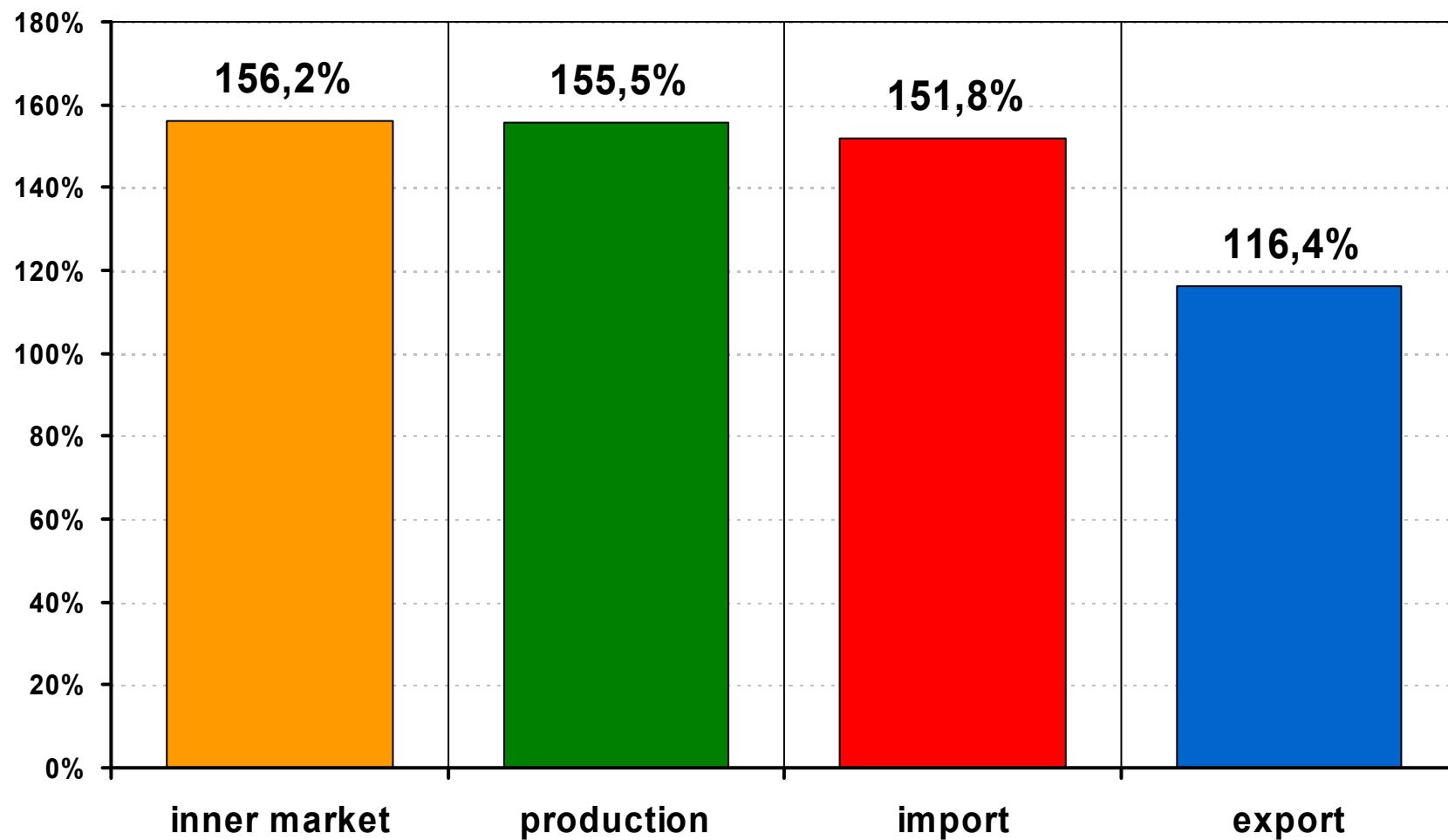
Russian PET preform market capacity

Parameter	2002	2003	2004	2005 (estimate)
Production, thousand tons	265,2	329,1	364,5	412,4
Export, thousand tons	16,0	20,3	15,1	24,3
Import, thousand tons	6,1	6,2	6,9	7,1
Domestic market, thousand tons	275,1	343,2	372,7	429,6
Export share in production, percent	5,8	5,9	4,1	5,6
Import share on the domestic market, percent	2,3	1,9	1,9	1,7

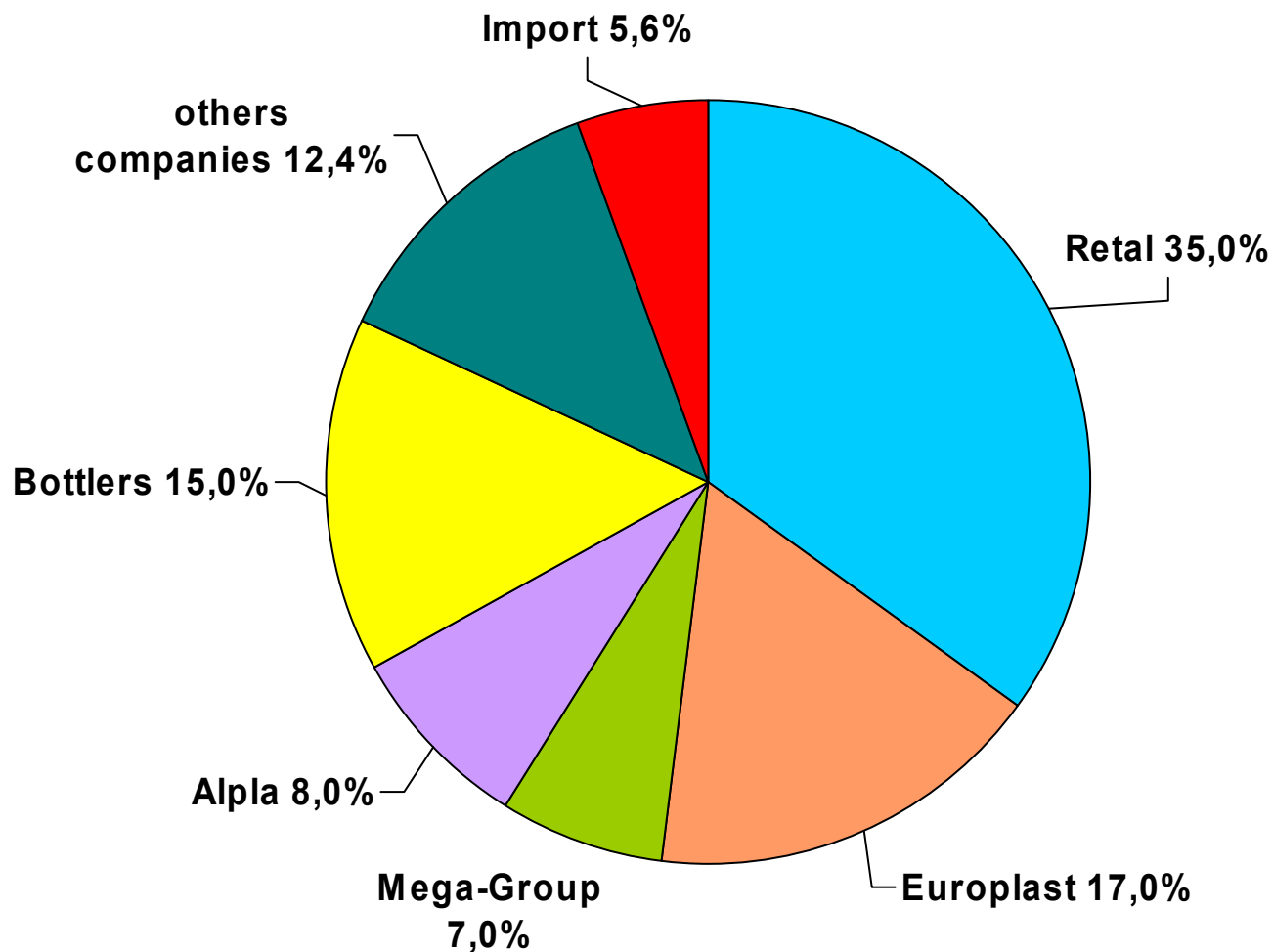
Russian PET-preform market growth pattern



PET-preform growth rate in 2005/2002

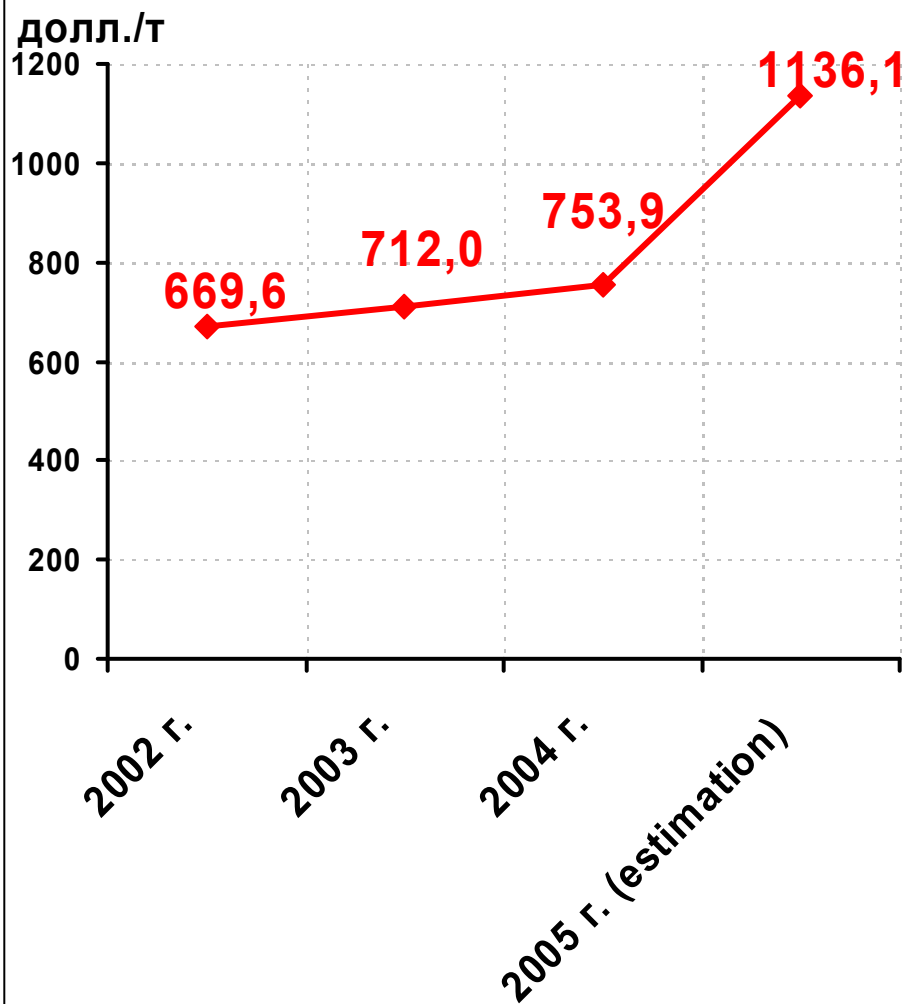


Key PET-preform market players in 2005

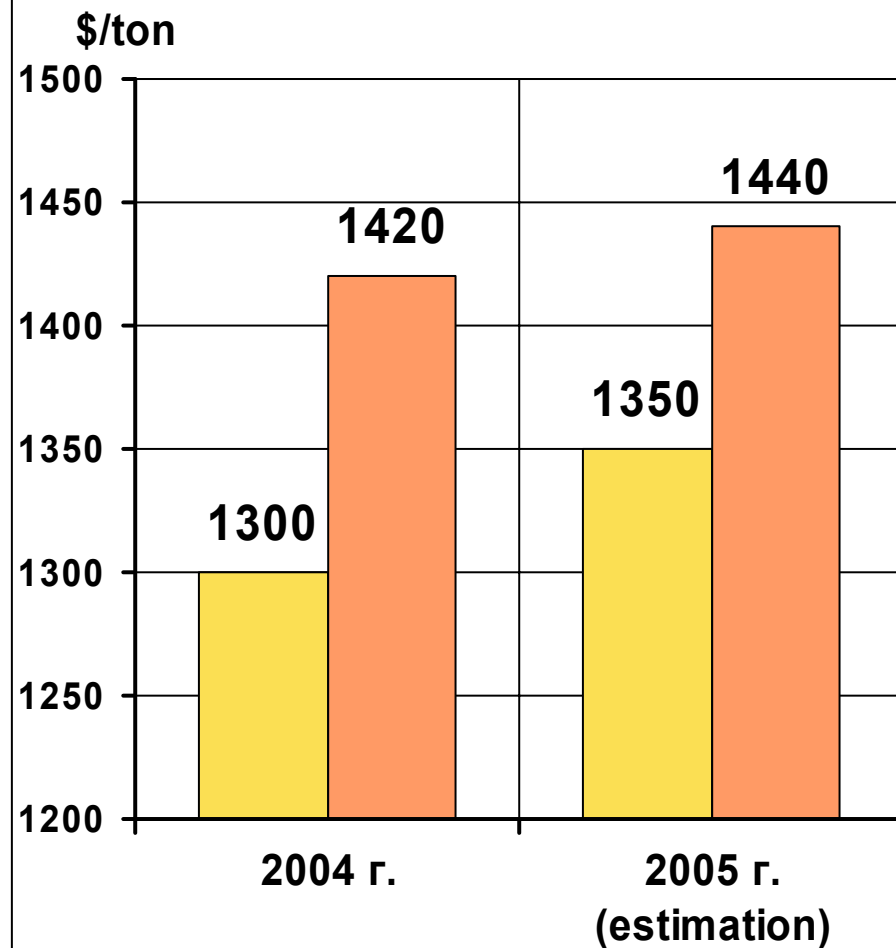


PET prices

Imported PET price, VAT excluded

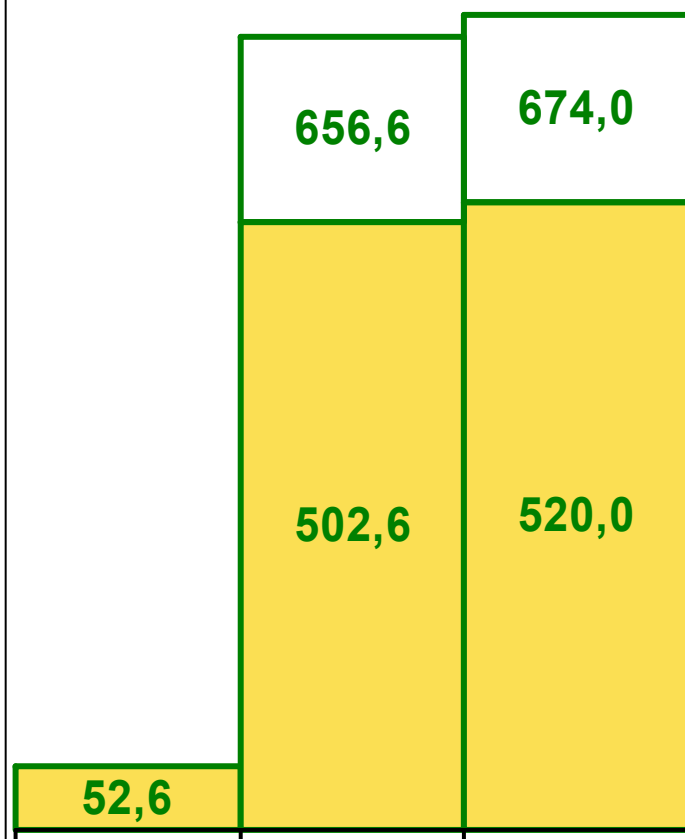


■ Russian producers price
■ traders price



PET capacity growth forecast, thousand tons

Total, Russia



Plant	2005 г.	2008 г.	2011 г.
Sibur-PET	52,6	52,6	70,0
Retal Ind.	-	154,0	154,0
	-	-	-
SENEJ	-	180,0	180,0
POLYEF	-	120,0	120,0
New plant in Kaliningrad	-	150,0	150,0
Total	52,6	656,6	674,0
		502,6	520,0

CONCLUSIONS:

1. The PET domestic market growth rate increased by 55.8 percent in 2005 in comparison with 2002.
2. The import share on the domestic PET market amounts to 90,6 percent.
3. The major PET importer to Russia is South Korea – 82,7 percent of the total market capacity.
4. The only PET producing capacity in Russia is JSC Sibur-PET (52,6 thousand tons per annum).
5. The largest end use segment on the domestic market is bottle grade PET: 95,4 percent of PET is used to produce preforms.
6. If producers complete their projects in 2008 the capacity is expected to reach 656.6/502.6 thousand tons, i.e. to grow by the factor of 12.5/9.5.

Thank you for your attention