China Chlor-alkali Industry Report, 2009-2010

The chlor-alkali industry is engaged in the production of chemical products with NaOH, Cl\textsubscript{2} and H\textsubscript{2} that are made from electrolytic salt solution. Being a basic chemical industry, it’s closely related to many industries, and holds a significant position in national economy.

The world’s chlor-alkali industry has developed rapidly in recent years, and increasing overcapacity has shown up. What’s worse, the worldwide economy downturn has even added the fuel to fire. As the world’s big chlor-alkali producer and consumer, China has witnessed a relatively serious overcapacity due to its long-term unreasonable product structure restricted by factors such as technology.
The caustic soda output capacity in China was 27.93 million tons in 2009, accounting for 34% of the world’s total; and the PVC capacity was 17.81 million tons, accounting for 36%. The operating rate of China’s chlor-alkali industry was at a seriously low level in 2009. The annual operating rate of caustic soda was 67.7%, down 7.2 percentage points and 9.3 percentage points respectively compared to 2008 and 2007; PVC’s was only 51.4%, decreasing 4.4 percentage points and 12.5 percentage points respectively compared to 2008 and 2007.

**China’s Caustic Soda Capacity, Output and Apparent Consumption, 2006-2009 (10,000 tons)**

![Graph showing caustic soda capacity, output, and apparent consumption from 2006 to 2009.](image)

*Source: Wind, ResearchInChina*

The report has made an in-depth analysis of China’s chlor-alkali industry international market environment, development, characteristics, development bottleneck, as well as the development, supply and demand, price trend, import & export and trend of two main products, caustic soda and PVC, plus the development, supply and demand of the other products, and operation and competition advantages of China’s key chlor-alkali companies.
Chlor-alkali is an industry with intensive investment and technology, heavy reliance on resources and high energy consumption. Now, with their own advantages, China’s key chlor-alkali companies have increasingly integrated resources such as coal, calcium carbide, crude salt and electricity, and extended towards downstream industries, and chlor-alkali industry chain integration like electricity-alkali, salt-alkali and calcium carbide-PVC in China is under the way.

Shanghai Chlor-alkali Chemical Co., Ltd., with outstanding economies of scale, is a leader in the chlor-alkali industry. It has been committed to the production and sales of deep-processed chlorine products while striving for resources such as electricity, calcium carbide and crude salt.
Apart from being used in the production of high-value-added new materials and fine chemicals, its liquid chlorine and hydrochloric acid are also supplied to the isocyanate (mainly MDI) production projects of companies such as Bayer.

Impacted by both worldwide economy depression and domestic chlor-alkali industry overcapacity, the company’s operating income was RMB4.91 billion in 2009, down 13.4% year-on-year, with RMB390 million losses in net profit. Compared to 2008, the operating income of PVC, caustic soda and chloride products, its three main products, was respectively down 28.6%, 28.5% and 5.6%. Only PVC saw an increase of 5.9 percentage points in the operating margin, while caustic soda and chloride products witnessed decreases of 21 percentage points and 5.8 percentage points respectively.

Prime Operating Revenue of Shanghai Chlor-alkali Chemical by Product, 2007-2009 (RMB mln)
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<td><strong>USD</strong> 1,900 <strong>File</strong> By email:</td>
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