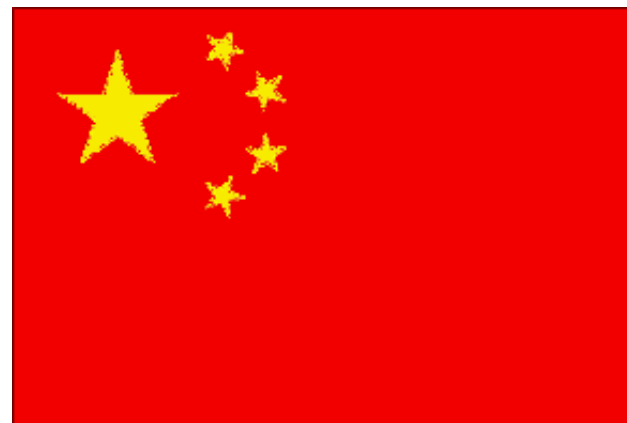




**GLOBAL SERVICE
INTERNATIONAL S.R.L.**



FOCUS ON CHINA
PET DAY 2005

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Agenda

- G.S.I. China Representative Office
- Macro data
- Polyester Industry
- PTA and MEG
- PET Analysis
- PET Market in 2006



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GSI China Office

- ❑ Since March 2004
- ❑ Location: Jiangsu Province , center of China Polyester Industry
- ❑ Mission for GSI China Office: offer our Customers a direct and continuous link to the best and most competitive plastic raw materials sources in China
- ❑ Business Areas: PET, Polyester and services
- ❑ Achievement: Leading Role in Chinese PET Export



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Macro Data



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The PRC Macro Data

- ❑ Population: 1,3 Billion People (0,6% growth rate)
- ❑ Surface Area: 9,6 Million Sq.km.
- ❑ Ethnic diversity: 56 officially recognized
- ❑ GDP per Capita: USD 1250



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Source: World Bank



The PRC Macro Economy: '04 official results

- ❑ *Investments exceeded 850 billion USD, up by 25,8%*
- ❑ *Gross amount of import and export exceeded 1000 billion USD, up by 36%*
- ❑ *GDP increased by 9,5%. Growth in the primary, secondary and tertiary industry went to 6,3%, 11% and 8,3% respectively*
- ❑ *Incomes of residents in cities and farmers increased by 7,7% and 6,8% respectively*



Proud to serve solutions. Source: China Development and reform commission



The PRC Macro Economy: Q1 '05 official results

- ❑ *GDP increased by 9,4%*
- ❑ *Gross amount of import and export hit 295,2 billion USD, up by 23,1%*
- ❑ *The amount of export totaled 155,9 billion USD (up 34,9%) while the amount of import was 139,3 billion USD (up 12,2%)*
- ❑ *Incomes of residents in cities and farmers increased by 8,6% and 11,9% respectively*



Proud to serve solutions. Source: China Development and reform commission



China Polyester Industry



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Polyester in China

** GSI China Office is in the center of Polyester Industry: Jiangsu*

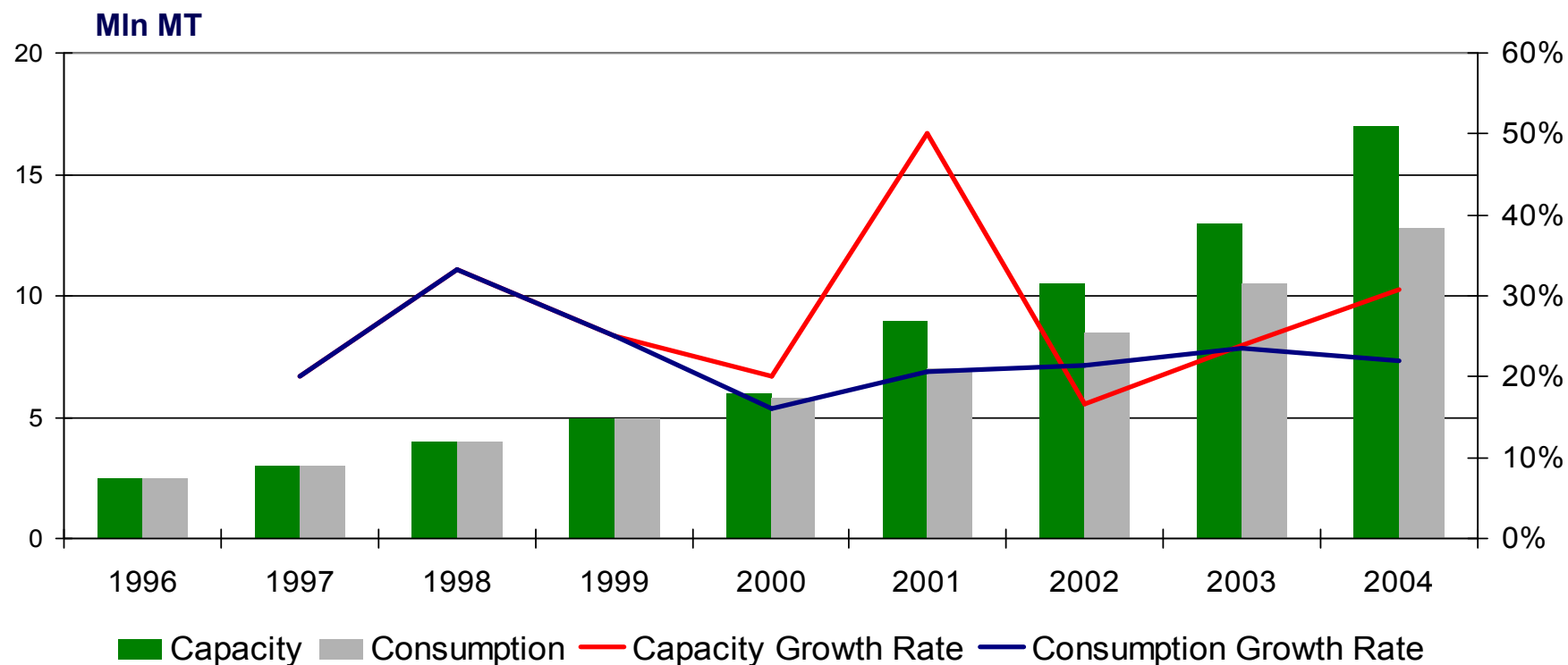


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★ GSI China Office ☆ Top 23 PET Producers ☆ Top 30 Polyester Producers



Polyester Overcapacity



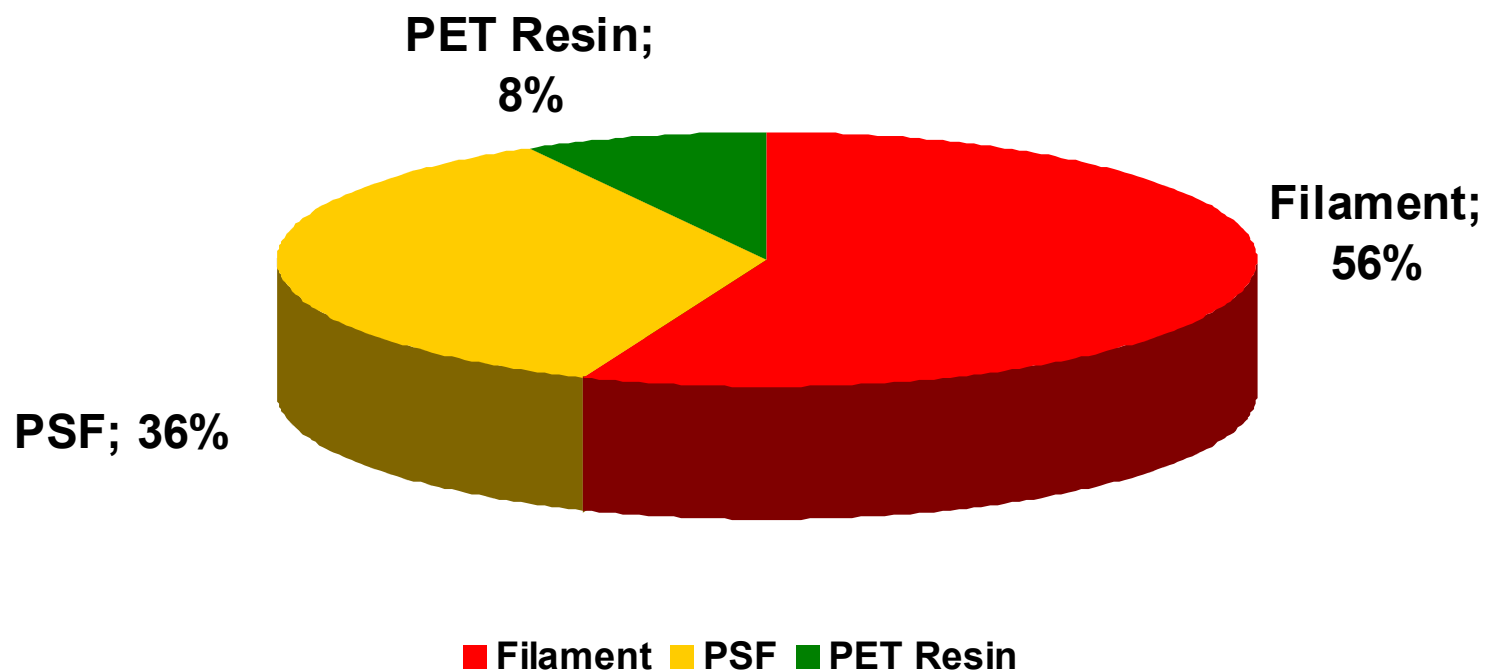
* Growth Rate since 1996: about 22.5% annual rate for 8 years



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Polyester by application 2004



Proud to serve solutions. Source: www.ycfc.com



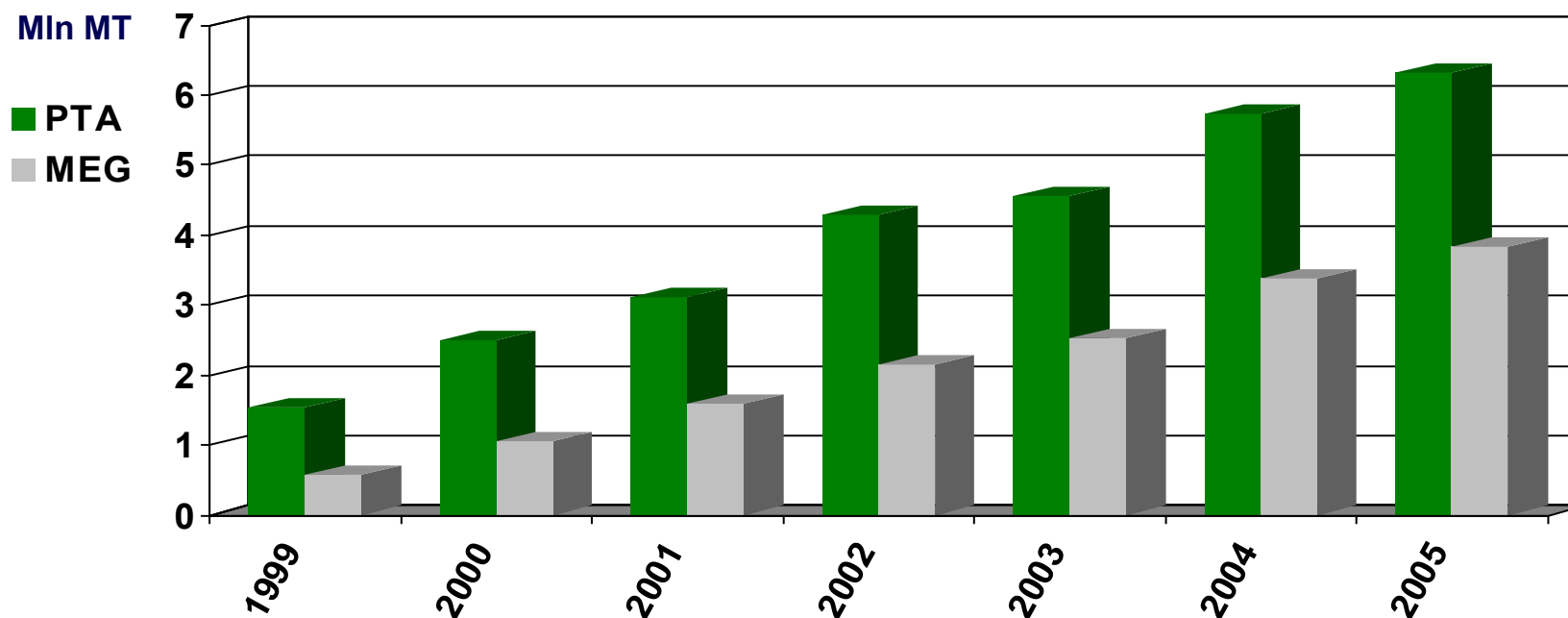
PTA & MEG Analysis



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PTA & MEG Import



* 2004: In consumption 56% PTA and 77% MEG were imported

* 2005 is estimated from the data of 01-04 '05

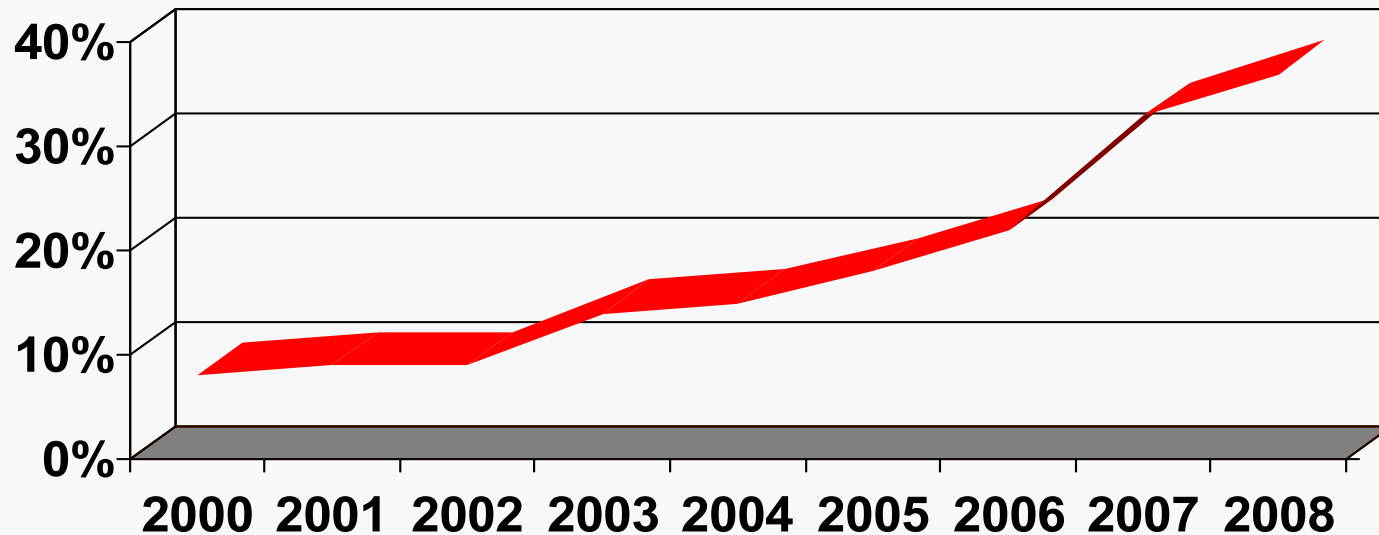


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Source:China Customs



The PRC % of World PTA productions Capacity



The PRC in 2008 will have installed almost 40% of the world PTA Capacity

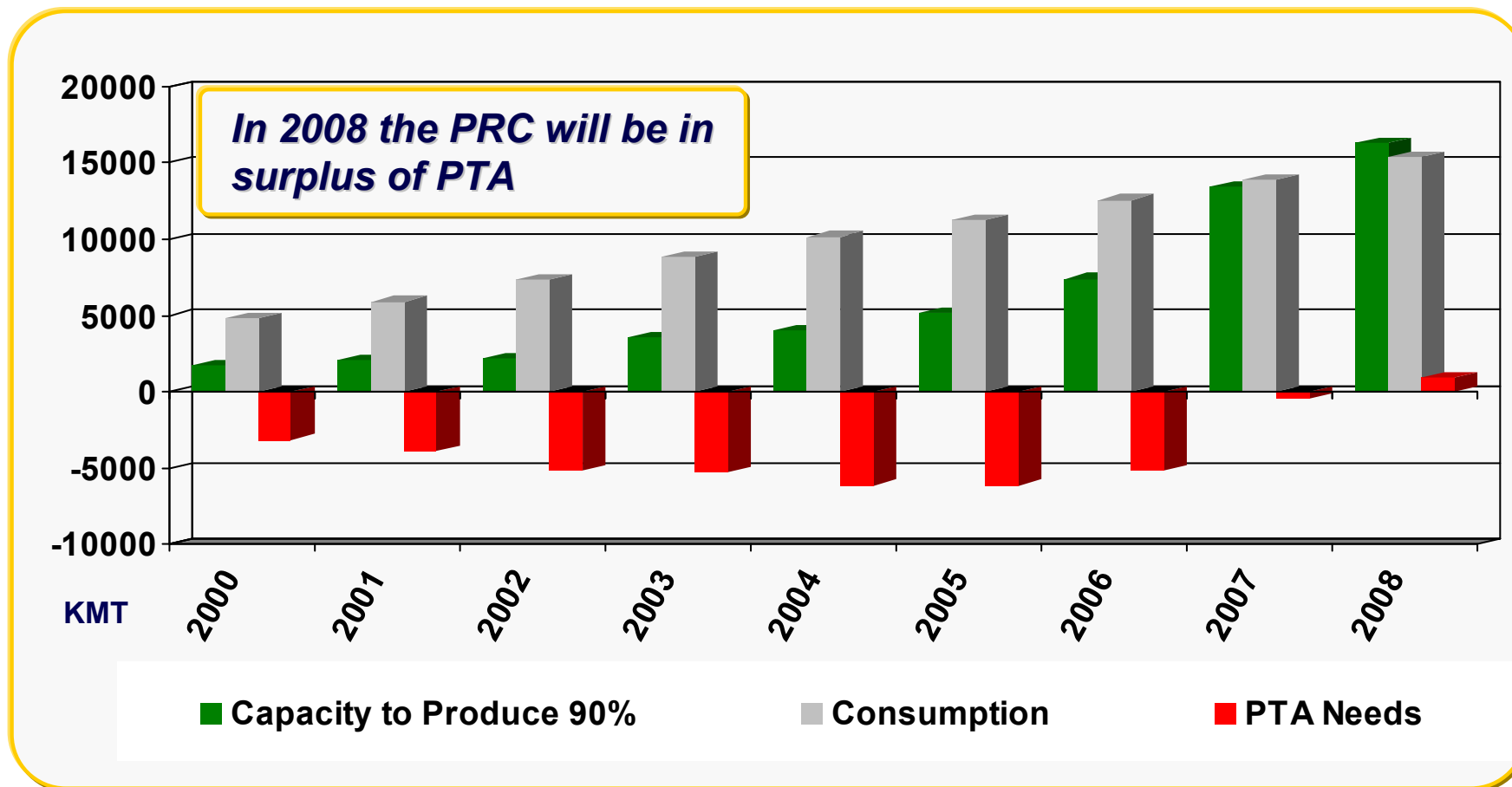


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Source: Tecnon Orbichem



Potential PTA Exports (90% Capacity - Domestic Demand)

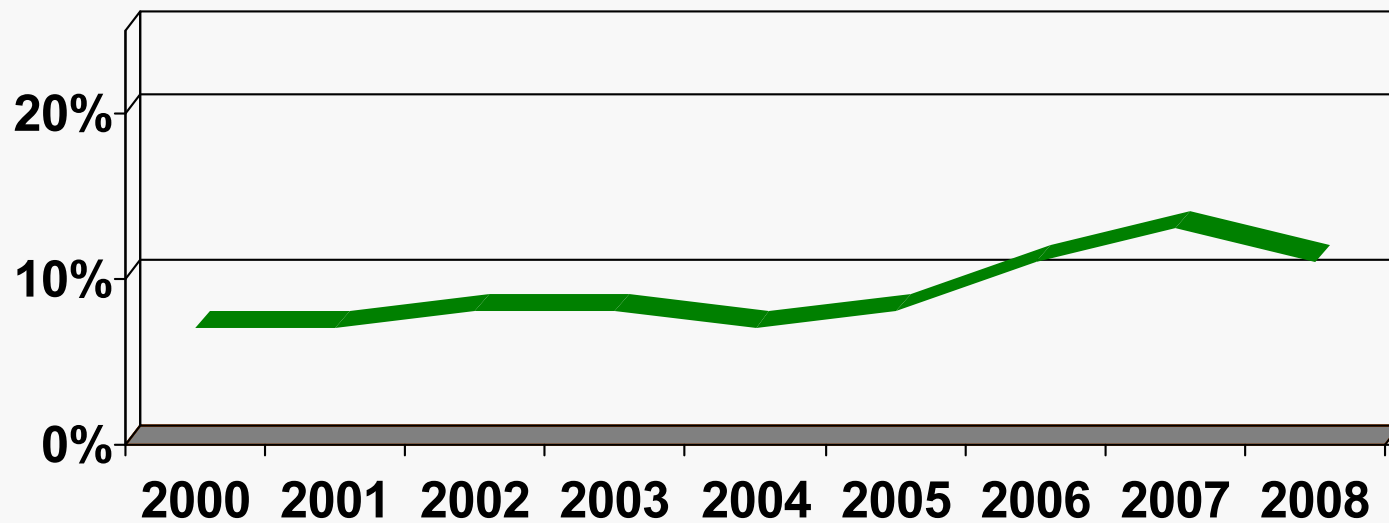


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Source: Tecnon Orbichem



The PRC % of World MEG productions Capacity



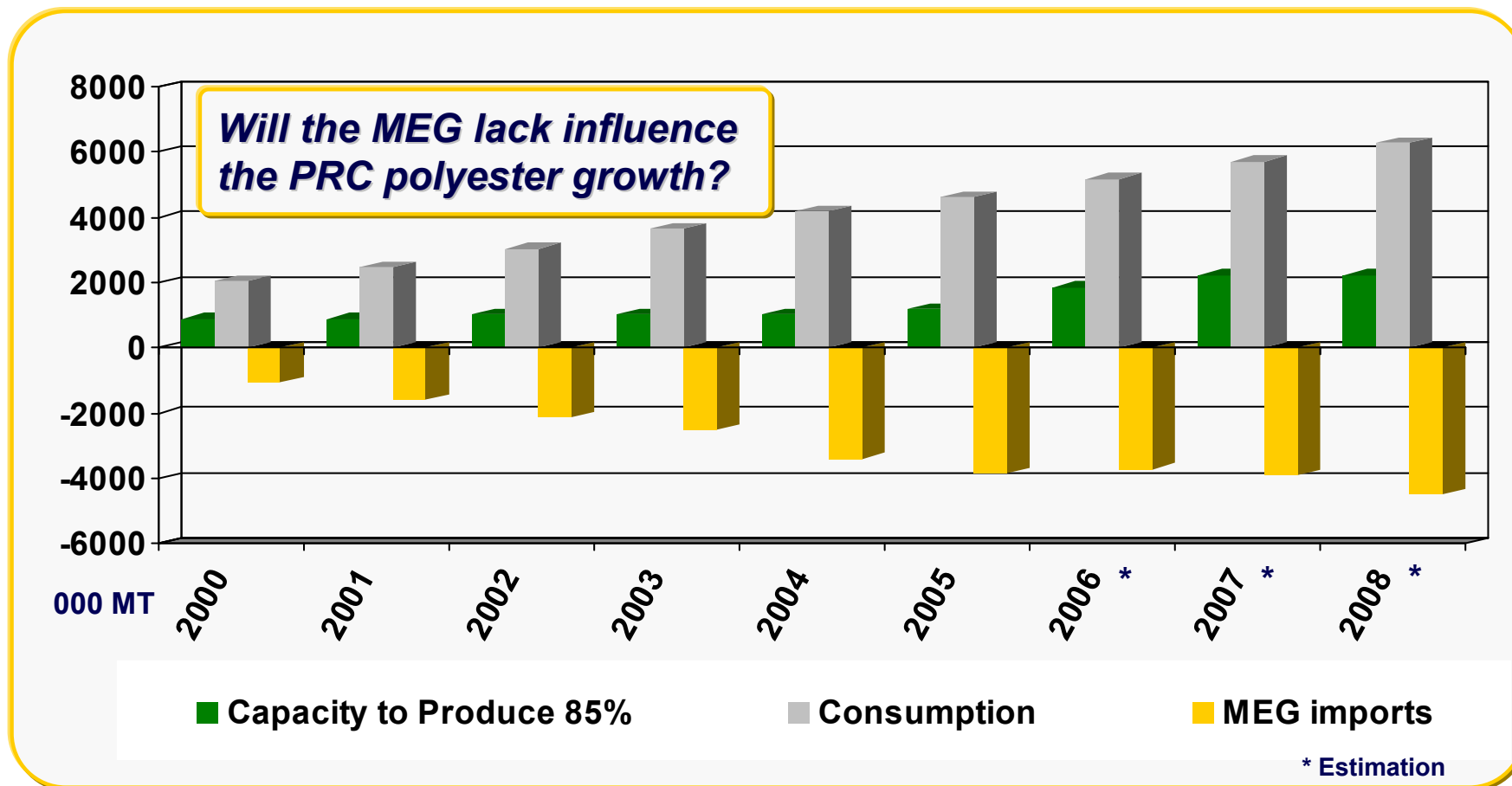
The difficulties to upstream are limiting MEG capacity growth



Proud to serve solutions. Source: Tecnon Orbichem



MEG Supply and Demand Balance (85% Capacity - Demand)



Proud to serve solutions. Source: Tecnon Orbichem



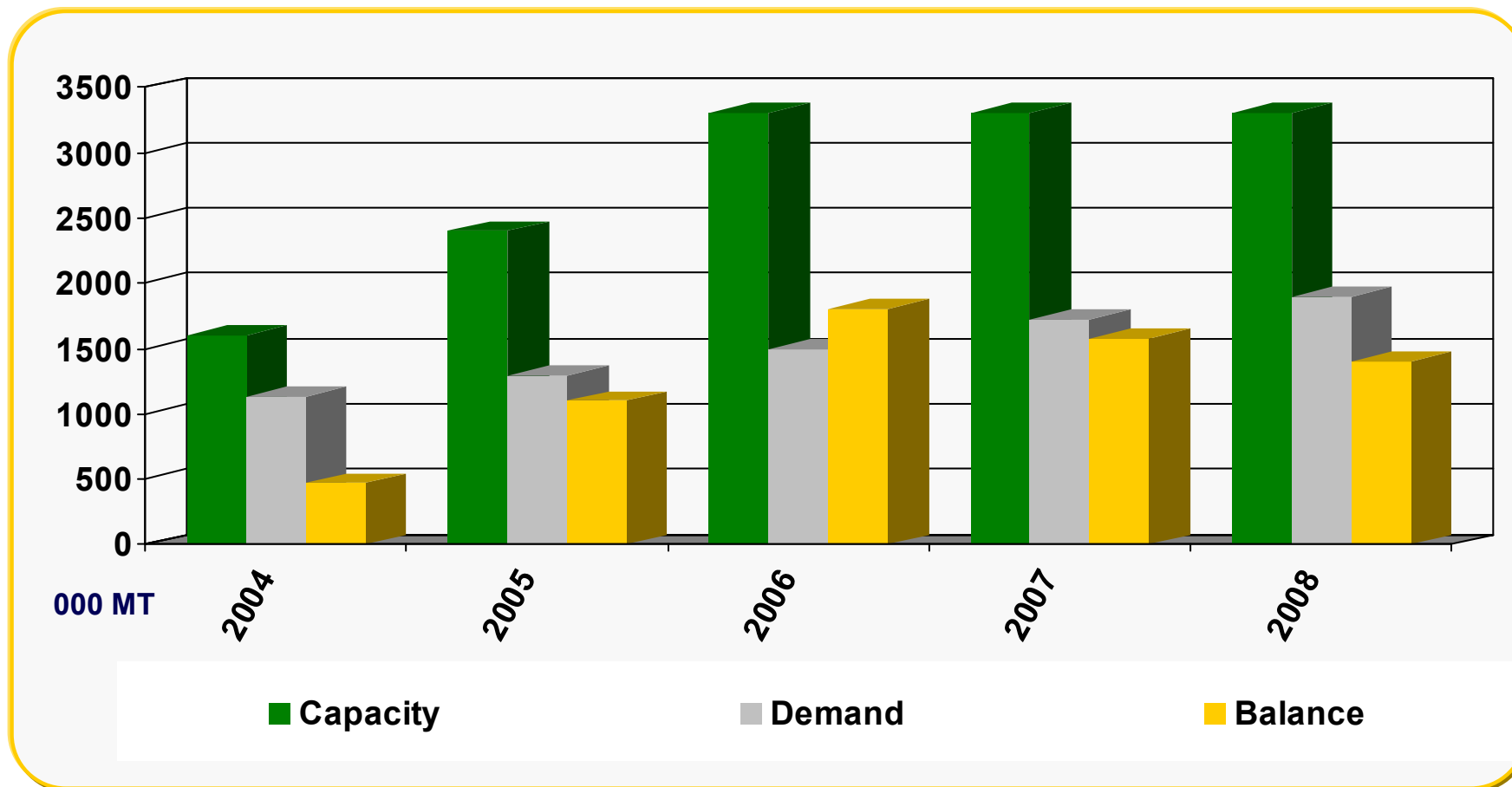
PET Analysis



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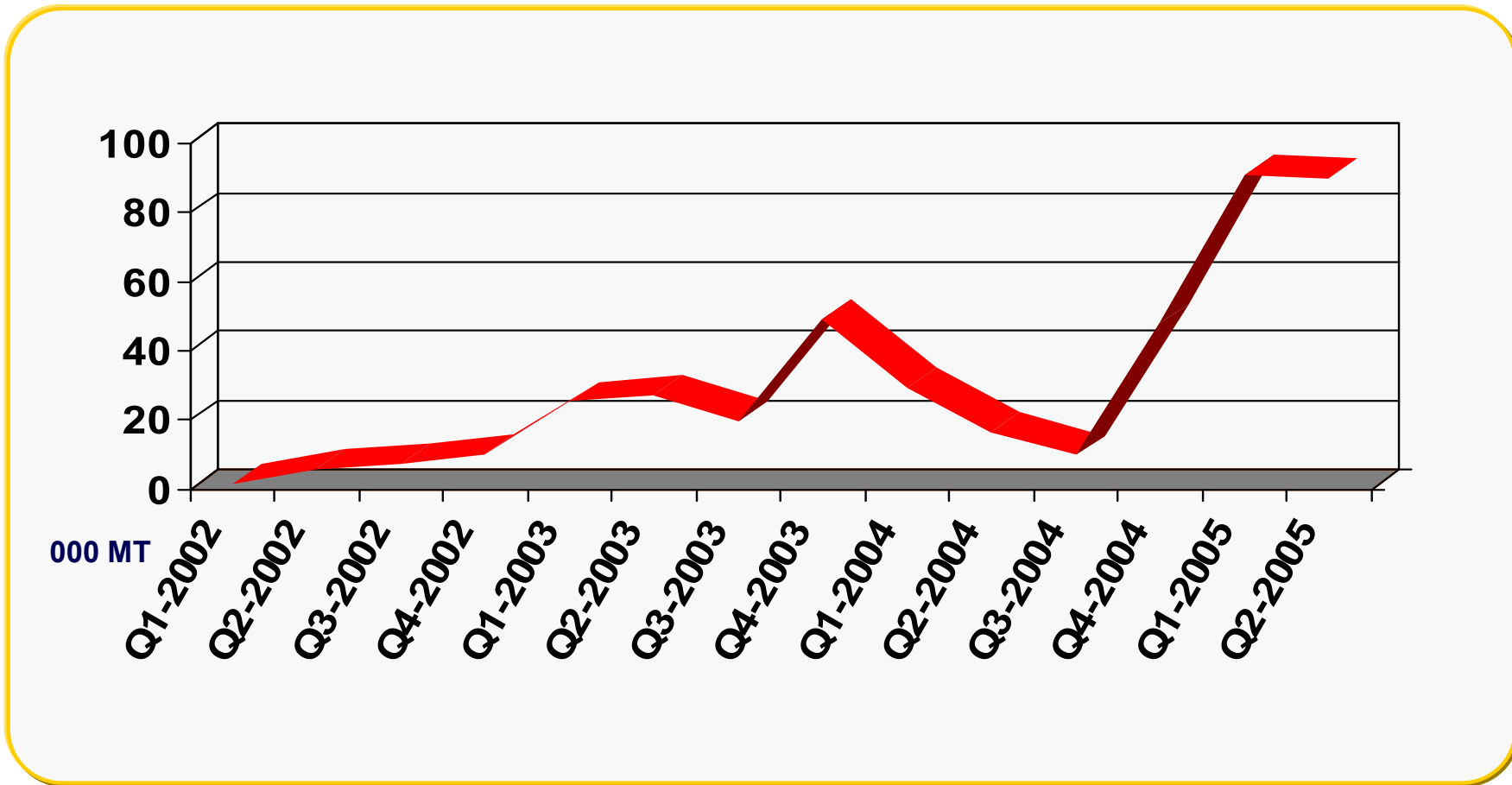
PET Supply and Demand Balance



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PET Exports

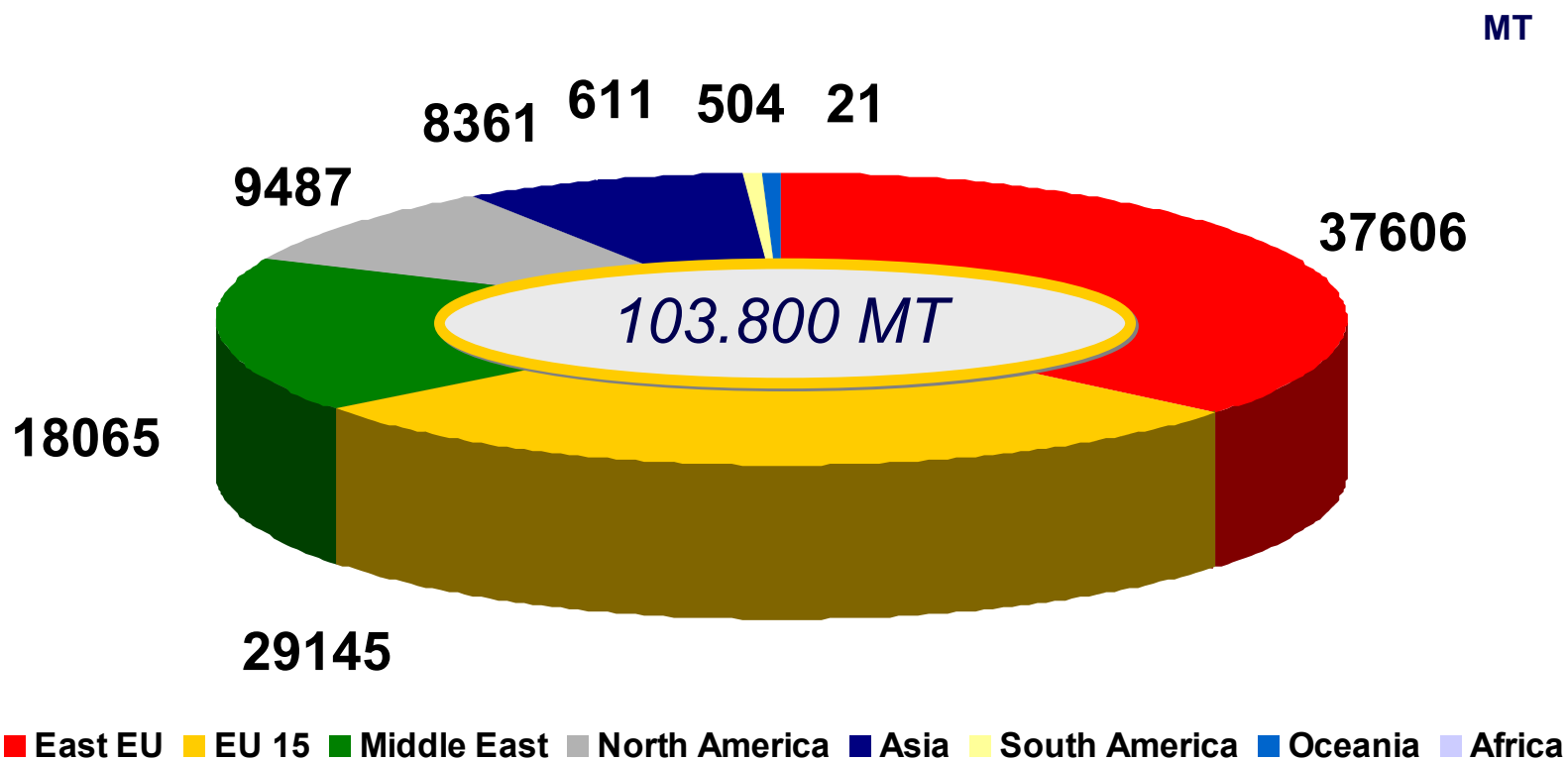


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Source: China Customs



PET Export Destination 2004 by area

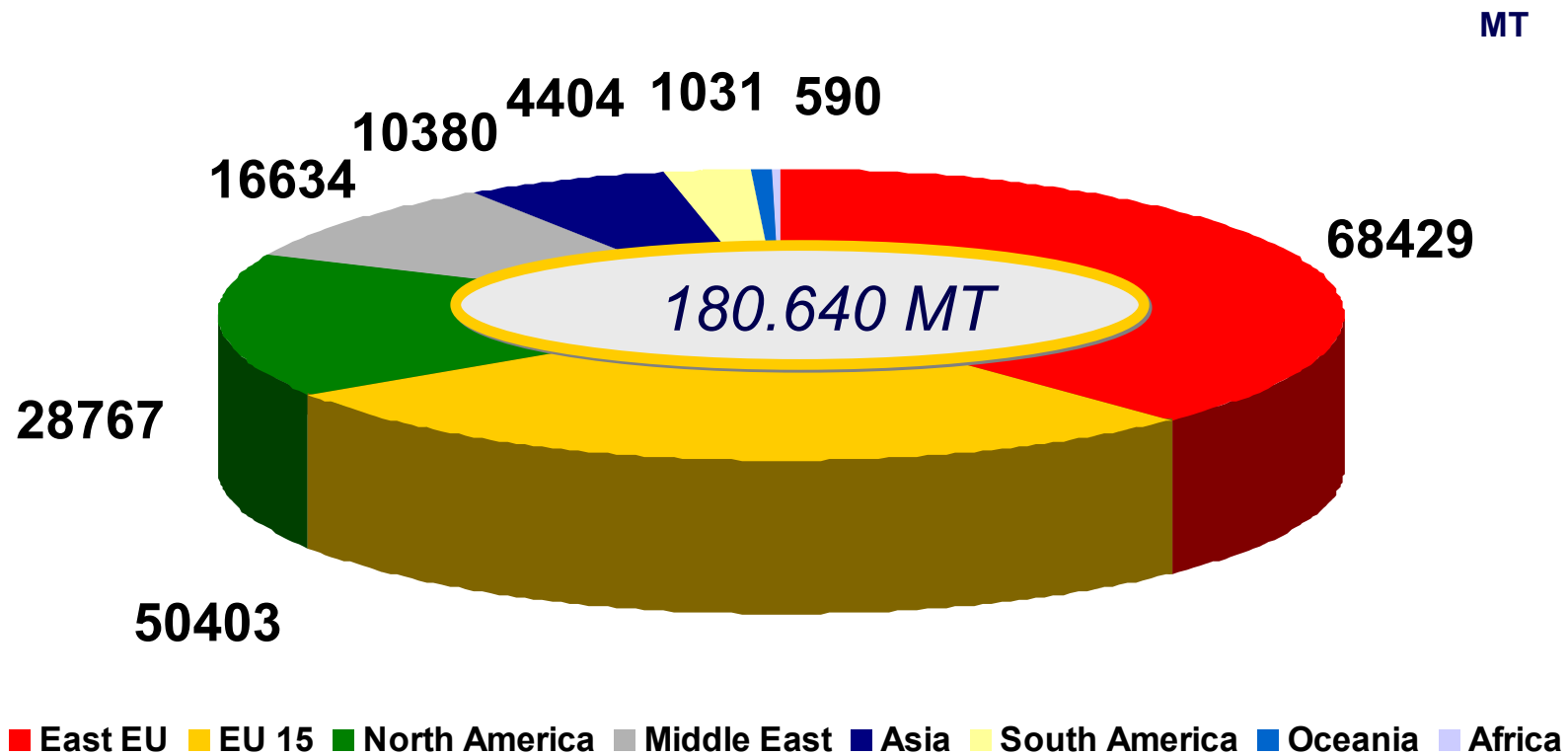


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Source: China Customs



PET Export Destination 1st half 2005 by area



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Source: China Customs



PET Market in 2006



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PET Market in 2006

- ❑ *More serious competition in local market*
- ❑ *Concern about strict measure from main market*
- ❑ *Export price based on raw material cost and no margin*
- ❑ *PTA & MEG price driven by China textile*
- ❑ *China will have an higher share in PET World Trade*



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Thank You!

GSI China Office is proud to serve you!



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