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MONTHLY NEWS

Chemical Industry News for Central Europe, South East Europe and Eurasia

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- ✚ Karpatneftekhim started the basic construction of the suspension PVC plant at Kalush

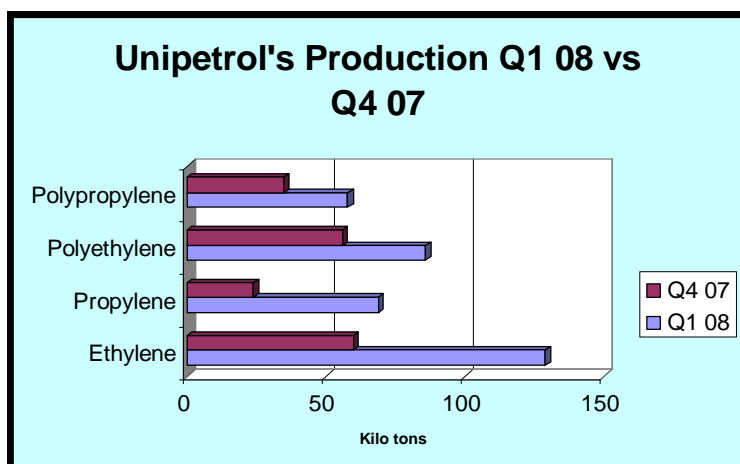
CENTRAL & SOUTH EAST EUROPE

Petrochemicals

PKN Orlen-Q1 2008

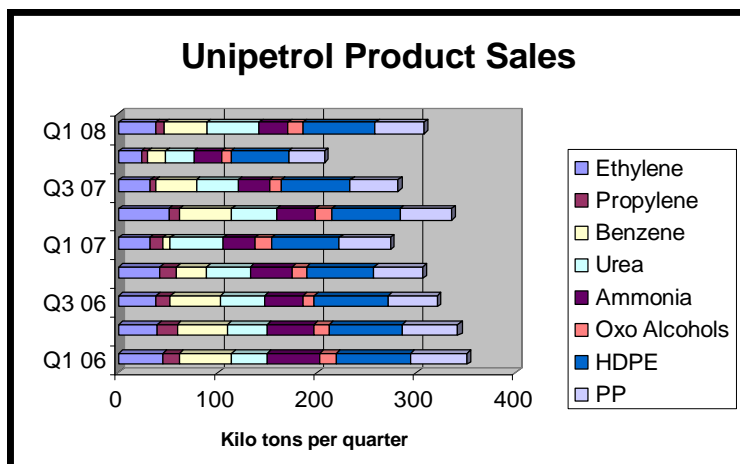
PKN Orlen's petrochemical divisional operating profit for Q1 2008 was zł 232 million, vs. zł 370 million in Q1 2007. The drop was caused by lower operating profit of the Unipetrol Group which went down by zł 186 million to zł 38 million as a result of the falling exchange rates and lower margins on polyolefins (down by zł 21 million). Additionally, in Q1 2008 the group did not have Kaucuk's sales as in Q1 2007, with Kaucuk joining the Dwory (Now Synthos) group earned operating profit of zł 32 million, was not consolidated;

PKN Orlen's overall operating profit rose by in Q1 2008 by 50.7% against 2007, totalling zł 565 million. Key factors behind the improved operating rate include included better performance of the Mazeikiu Group by zł 236 million due to the start up of the crude oil distillation unit on 20 January 2008; improvement in the efficiency of the retail sector, and strong demand for artificial fertilisers.



On the weak side, PKN Orlen's operating rate in the first quarter stemmed mainly from developments in the petrochemical division at Unipetrol. A reduction of zł 186 million was recorded due to the effects of lower margins on petrochemical products, particularly on polyolefins and aromatics. In Q1 2008, Unipetrol witnessed a zł 27 million drop in revenue from the petrochemical division, caused by the loss of Kaucuk to Dwory.

The disposal of Kaucuk resulted in a fall in sales of such petrochemical products as styrene, butadiene, polybutadiene, polystyrene, and synthetic rubber. The fall of revenue was also an effect of lower sales of polyethylene and polypropylene by Basell Orlen Polyolefins (down by 14,300 tons in total. Moreover, the operating profit of Basell Orlen Polyolefins dropped to zł 39 million, due to lower petrochemical margins and falling demand for polyolefins on European markets. Lower sales volumes are estimated to have decreased the company's operating profit by zł 13 million. Regarding investment, PKN Orlen's capex increased in Q1 2008 by zł 56 million, to zł 107 million.



Unipetrol Q1 2008

Rising feedstock prices and still weak margins, combined with negative currency factors, were the main causes of the fall in EBIT fall of Kc 1.2 million for Unipetrol in the first quarter. Sales of olefins and derivatives made a slight recovery after the production problems in Q4 2007. At the same time, volumes were affected in the first quarter by the cold box problem whilst urea and ammonia sales were down due to problems in the POX unit. The drop in Kc prices of polymers resulted in inventories' revaluation, with a negative impact of another Kc 153 million. Polyethylene sales from Litvinov rose

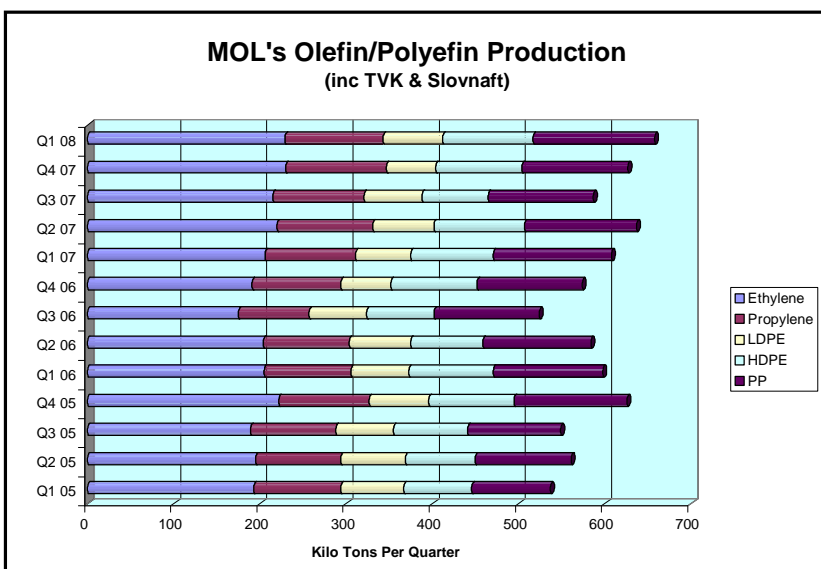
5,000 tons in the quarter whilst polypropylene fell by 2,000 tons. Growing naphtha prices will keep pressure on olefin margins also in Q2 2008; it is expected although the company is seeing a partial recovery and should benefit from the completion of the technical operations.

Together with 22 other petrochemical companies, Unipetrol has received a lawsuit from global tyre producers over an alleged cartel agreement. The subject of the lawsuit is compensation for damage including interest for losses caused in 1996 and 2002 by an alleged cartel of companies in the concerns Shell, Bayer, Dow, Unipetrol, Trade-Stomil and Eni. Unipetrol regards the lawsuit as unjustified and wants to defend itself. The lawsuit is based on an accusation of a cartel agreement that we rejected already two years ago and the company still rejects the allegation. Thus, Unipetrol firmly believes it will succeed in winning against the lawsuit.

MOL-Q1 2008

MOL's operating profit in the petrochemical division fell to Ft 2.6 billion in Q1 2008, 37% down from Q4 2007 and 79% behind the Q1 2007 record result. The fall in Q1 2008 was principally due to the weaker market trends, that had started to be seen in Q4 2007. Raw material prices grew significantly to a record level of \$817/ton, boosted by the sharp increase in crude oil prices. Although polymer prices were at high levels in Q1 2008, any increases were seen as largely modest due to the effect of pressure from recession expectations being felt on the market. As a result, MOL's integrated petrochemical margin narrowed considerably, with operating profits down and also energy costs increasing sharply by Ft 1.9 billion in Q1 2008.

The average integrated petrochemical margin declined in Q1 2008 by 24%. This was due in part to increased naphtha dollar costs of 56%, compared against a 5-11% increase in polymer euro prices. Compared to Q4 2007, naphtha costs increased in by a further 6%, while polymer quotations were remained primarily unchanged.



MOL's monomer production in Hungary and Slovakia increased by 13% in Q1 2008, largely as a result of the higher capacity utilisation of the olefin units. Polymer production rose by 6%, and sales' volumes improved by 6% in Q1 2008, inspire of a deteriorating market environment. As shown in the graphic opposite total monomer and polyolefin production in Q1 2008 surpassed all previous quarterly records.

Despite the production hikes, MOL's sales were 20,000 tons lower than Q4 2007 due to the worsening market environment. This has been caused by recession fears which put further pressure on the low seasonal

demand, traditionally experienced in Q1. In addition, MOL's inventory was increased in anticipation of the planned general overhaul at Slovnaft Petrochemicals in April 2008.

Based on the first quarter results, MOL's polymer sales portfolio changed slightly due the higher capacity utilisation of new units. The ratio of HDPE grew to 34% of total sales, whilst the ratio of polypropylene rose to 46% against the LDPE ratio, which dropped back to 20%.

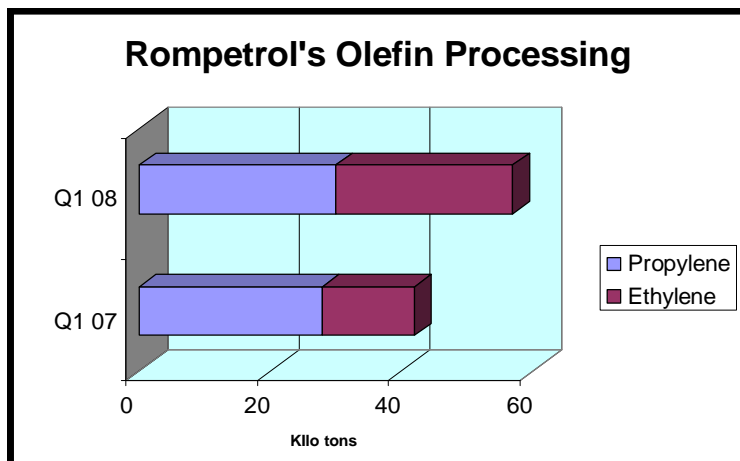
INA-refinery modernisation

The contract with Brno-based Lummus has been reached by INA on the revision of the hydro cracking project at Sisak in central Croatia. This is the beginning of the second phase of the Sisak Refinery modernisation. Due to capacity increase, the plant requires the adjustment of design of other related plants with the purpose of harmonisation of their capacities. Due to close cooperation of INA and MOL, which contributes to the success of the project, Sisak Oil Refinery will be transformed into a one of the most competitive refineries in the region, according to INA.

INA hopes to complete modernisation of its two refineries by mid-2011, the other being located at the northern Adriatic port of Rijeka. The refineries, which are not able to offer a profitable production mix or gasoline of European Union standard, are a major obstacle for INA to improve its business results. The state owns 44% of INA, while 25% is owned by MOL.

Rompetrol Q1 2008

Rompetrol's petrochemical division represented the worst performing sector in Rompetrol's first quarter results, despite the increase of quantities sold (up 42% over 2007). and higher revenues (up 85% against 2007). The increase in volumes and revenues derives mainly from the sale of Rompetrol's own products, following the start-up of the HDPE plant in Q3 2007. Although product sales increased, the EBITDA fell due to lower margins. Sales were boosted by PET volumes, which were bought by Rompetrol from other sources. Rompetrol hopes to build its own PET plant in due course. The weak market environment was blamed for the poor financial results for petrochemicals.



The petrochemical division reported a negative EBIT of \$4.2 million, and a consolidated operating loss of \$1.65 million. The net result was also affected by the foreign exchange losses caused by the USD/euro exchange rate fluctuation. The company intends to direct its efforts towards the restart of the steam cracker at Constanta, which will secure necessary raw materials for the polymer plants.

Chemicals

Ciech Q1 2008

largely to higher financial costs. Net profit dropped to zł 97.9 million from zł 121.9 million in 2007. Despite the falls, the consolidated sales' income amounted to zł 1032.1 million, which accounts for 24.2% of the full 2008 forecast and is thus in line with expectations. The acquisition of the German company Sodawerk Stassfurt at the end of 2007, and the increase in prices of specific products had the greatest impact on the increase on Ciech income. The prices of soda ash were 6-7% higher compared to last year, whilst the prices of phosphates and

multi-component fertilisers have also increased significantly. A slight fall in the prices of organic products, such as TDI, ECH and epoxy resins, was observed on selected markets.

Polish Chemical Production (unit-kilo tons)		
Product	Jan-Apr 08	Jan-Apr 07
Caustic Soda	32.1	33.1
Soda Ash Light	114.9	122.8
Soda Ash Heavy	293.8	274.4
Ethylene	216.2	202.7
Propylene	142.6	129.8
Butadiene	21.7	19.0
Toluene	52.6	41.8
Phenol	17.8	16.8
Caprolactam	55.0	55.5
Polyethylene	136.3	135.3
Polystyrene	36.5	33.4
PVC	93.9	101.8
Polypropylene	84.4	101.5
Syn Rubber	45.3	43.1
Pesticides	14.8	15.3

Ciech's operating profit (EBIT) went up by 7.2% from zł 147.4 million to zł 158 million, and the EBITDA dynamics amounted to 9.6% (an increase from zł 192.3 million to zł 210.8 million). Currently, around 50% of Ciech's sales are achieved through exports, and this trade balance in the first quarter was subjected to disadvantageous euro and USD exchange rates.

Ciech's organic division comprises of Zachem from Bydgoszcz and Organika-Sarzyna from Podkarpacie, where this year will see the completion of the respective foam and polyester systems. For Sodawerk Stassfurt, an investment programme for the expansion of capacity to 600,000 tpa of soda ash will be completed at the end of August or the beginning of September. The Romanian company USG Govora will also be systematically increasing production volume to 410,000 tpa in February 2009. The target level in the production of soda ash at the Ciech Chemical Group will be 2.4 million tpa by 2010, compared to the present 1.9 million

tpa.

Polish privatisation

The Polish Treasury Minister announced that on 26 May Zakłady Azotowe Tarnow (ZA Tarnow) would present its issue prospectus, and that this will be one of two large chemical company IPOs to be carried out in the coming months. At the end of the year, the issue prospectus of Zakłady Azotowe Kędzierzyn (ZA Kędzierzyn) should be submitted to the Financial Supervision Commission (KNF). The debut of the company should take place in early 2009, most likely in February.

ZA Tarnow wants to raise at least zł 307.5 million from its IPO, by selling 16 million new shares to reduce the government's stake to 60%. The institutional investor is able to subscribe for 75% of the offering, which is to take place between 12-18 June. ZA Tarnow is expected to start trading on the Warsaw stock exchange on 30 June. The company has outlined plans to spend around zł 700 million by 2012 to build new installations, as it seeks to increase the production of nitrogen fertilisers and other chemicals. The aim is to broaden our product range to protect the company from price changes on the market.

ZA Tarnow sold around 63% of its output abroad in 2007, and expects to earn zł 73.9 million on a turnover of zł 1.326 billion this year. Shares in other local fertiliser makers Zakłady Chemiczne Police and Zakłady Azotowe Pulawy have surged to records this year as farmers worldwide scramble for soil nutrients to plug runaway demand for food staples.

South East European news

Bulgarian chemical company Polimeri failed to get approval by the country's financial regulator for a planned capital hike by 50 million leva (\$39.9 million) owing to the issue price it proposed was much lower than the shares' book value. The capital hike was aimed at investment into new products and plants.

Orgachim at Rousse has stated said it will borrow €314,427 from UniCredit Bulbank to invest in energy efficiency measures. The company will buy solar panels and will replace the indoor lighting fixtures with more efficient alternatives. It also plans to renew its truck fleet and replace electric powered trucks with gas-fired trucks.

Romanian fertiliser producer Annul reported a first-quarter net profit of almost 18 million lei (\$7.56 million) from a loss of 5 million lei in 2007. Two workers were killed in a chemical plant explosion at Pirochim Victoria on 24 May.

RUSSIA

Overview

Ownership changes represent one the topical feature of activity in the Russian chemical industry at present, with SIBUR's pending management buy-out in the early stages, combined with by attempts by Gazprom to take control of Kazanorgsintez and at the same time to increase its stake in Salavatnefteorgsintez. Profitability for many Russian chemical producers has been hit by higher feedstock prices in the first quarter of 2008, and many companies have found it difficult to pass on these increases to customers. A rising concern amongst some producers focuses on wage inflation. Whilst wages remain relatively low, the high numbers of those employed in production could be an additional cost burden to raw materials and energy. For the Russian chemical industry as a whole, 504,000 people were employed in chemical production in 2007, with 290,500 people in rubber production. Average wages for chemical producers were 16,670 roubles per month, and rubber 11,944 roubles.

Russian chemical production saw a similar pattern in April from the first quarter, with the main trend being the tightness of olefin supplies. Export duties for petrochemicals, including ethylene, propylene, etc, were increased from \$241.4 per ton to \$280.5 from the start of June. The volume of refining in Russia fell 0.5% in the first four months to 4.044 million tons. Chemical production in Russia accounts for 5.4% of total industrial output, with income from the chemical industry accounting for 4.7% of total GDP.

Dow Chemical hopes to sign new long-term contracts at the St. Petersburg International Economic Forum, 6-8 June. Russia is one of Dow's strategic growth areas. PPG Industries has announced plans to build an automotive coatings and industrial coatings plant in Russia. PPG has signed an investment agreement with the administration of the Kaluga Region, to the south of Moscow, to build the plant. The plant will make coatings for automotive and other industrial customers and employ about 70 people.

Petrochemicals

Gazprom on petrochemicals

Gazprom has outlined its updated strategy on petrochemicals, and has acknowledged that it needs to invest considerable sums in pipeline connections in order to implement its plans. At the end of 2007, Gazprom

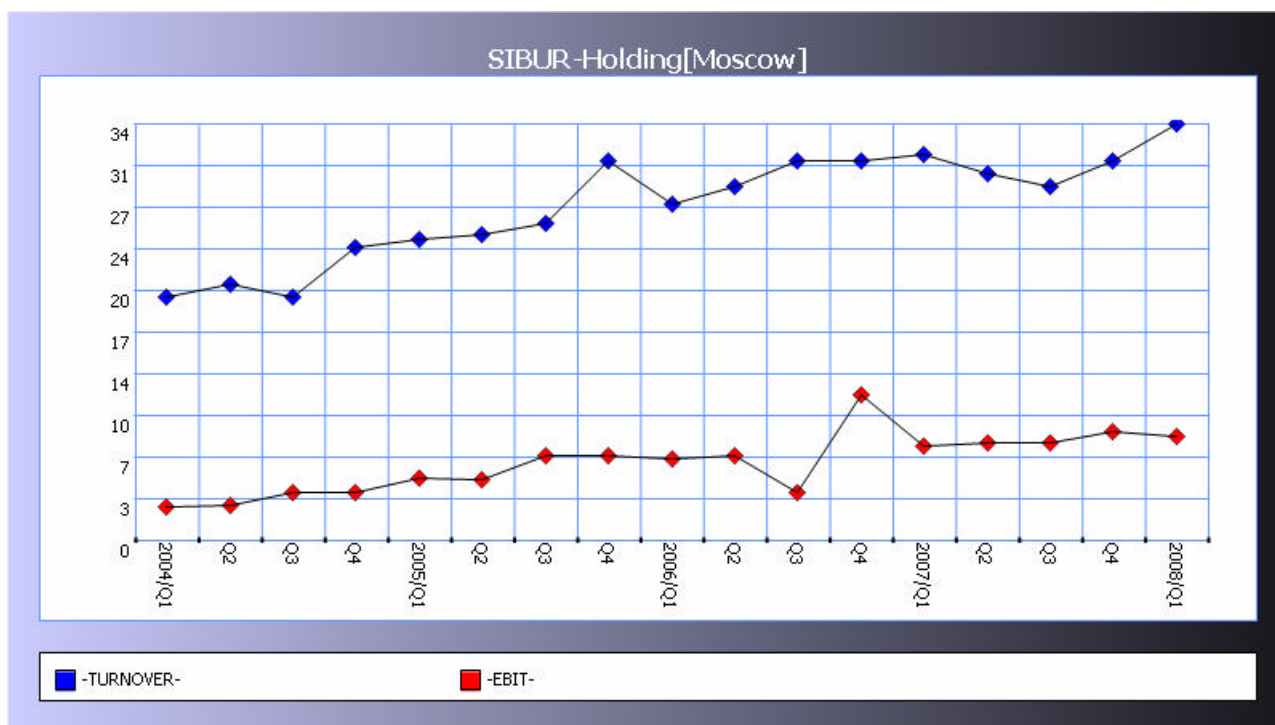
announced a broad programme on petrochemical development, and has stated that it has an investment programme worth t\$3.5 billion to be invested in polymers over the next few years. The central part of the strategy focuses on the increase of ethane containing gas from 90 to 160 billion cubic metres, which will lead to an increase in ethane and propane-butane supplies.

At Astrakhan, Gazprom plans to construct a 500,000 tpa polyethylene plant; whilst at the same there are less probable plans to construct 650,000 tpa of polyethylene and 450,000 tpa of polypropylene at Orenburg at least for the medium term. Plans at Novy Urengoy may also get a kick-start, and much to the surprise of many Gazprom hopes to start the polyethylene plant by 2013. It seems that Gazprom will not give up on Novy Urengoy even if other projects make more sense. Regarding more long-term locations, such as East Siberia where feedstock sources for petrochemical production are considered more than abundant, important hurdles such as the climate and the complex composition of gas may require substantial investment to overcome. In Gazprom's current cost calculations, ethane costs around \$200 per thousand cubic metres, and so by investing in ethylene and polyethylene it could in theory produce huge returns. However, transport costs from more remote locations could erode the profit base for such plants.

The main focus of the current investment programme is based on an increase in fatty gas deposits in the Nadym region in West Siberia. Gazprom has come up with the idea that this gas, where the volume of output comprises around 30-32 billion cubic metres per annum, could be directed to the new gas-processing plant which is being planned for construction in the Cherepovets region (400 km from Moscow). From the plant around 26 billion cubic metres of methane could be delivered to the West by pipeline and 3 million tons of ethane, propane, butanes, etc, will be used for further processing in a new plant on the Gulf of Finland. The new complex planned for this region, as described by Gazprom, could amount to 1.6 million tpa of polyethylene and 300,000 tpa. However, investments into the cost only of modernisation of the gas pipeline system could amount to more than €1 billion. Clearly, a petrochemical complex in the Gulf of Finland would be essentially export-oriented, but may face huge hurdles in construction such as concerns over the environment. Thus, at this stage it seems like an idea that may require substantial persuasion by Gazprom.

SIBUR-Holding-Q1 2008

SIBUR Holding's net profit increased 41.6% in the first quarter of 2008 against the same period in 2007, totalling 6.48 billion roubles. SIBUR Holding stated its revenue in the reporting period grew 6% to 33.5 billion roubles (\$1.4 billion), and gross profit was up 37% to 10.73 billion roubles (\$450 million). The graph below illustrates the increases in turnover over EBIT from Q1 2004 to Q1 2008.



The company's production costs fell 4.2% in the reporting period to 22.8 billion roubles (\$958 million). SIBUR Holding integrates 34 plants and subsidiaries producing over 100 petrochemical products. The management buy-out is going through the evaluation stages and the outcome will be known later in the year. The managers have already received permission from the Federal Anti-Monopoly Service to buy control of the company. Some of the main product ideas that the management will take over include the following:

SIBUR-Holding's Mid to Small Projects	
Product	Project Stage
Halogenated butyl rubber	Investment Proposal
Geotextiles	Investment project is accepted. Production to start Q2 2009
Dicyclopentadiene ?	Initial data for the design are prepared
Butadiene-styrene rubber	Investment Proposal
Bisphenol A	Investment Proposal
Polypropylene compounds	Creation of the scientific and technical base
Latexes	Completion of the study
Benzene higher quality	Completion of the study
MDI	Preparation of Business Project

Russian-Dutch tyre producer Amtel-Vredestein has asked the Russian antimonopoly office to allow it to buy 100% of SIBUR's tyre business. The anti-monopoly office has said that it will need additional time to study the application from Amtel.

Salavatnefteorgsintez-SIBUR jv

Salavatnefteorgsintez has proposed a jv with SIBUR in petrochemicals, and in particular for the construction of a new ethylene plant at Salavat with a capacity of 750,000 tpa that was discussed recently by Gazprom. Salavatnefteorgsintez is keen on the idea of developing synergies with SIBUR in the sphere of petrochemicals to benefit from integration and access to markets. SIBUR is yet to show its position on a potential jv, but is thought to be fairly certain to want to work closer with Salavatnefteorgsintez. Regarding Gazprom's control of Salavatnefteorgsintez, it seems that Gazprom is not ready to pay the market price for Salavatnefteorgsintez, so that may prolong the discussions.

Nizhnekamskneftekhim-Q1 2008

Nizhnekamskneftekhim aims to start operations at a 230,000 tpa polyethylene line at some stage in Q4-2008. Start up was originally planned for Q3 this year. The polymerisation tanks have already been installed, whilst the construction and assembly work on the line is near completion and the core production equipment has been assembled. Currently, hydraulic testing of pipelines is being undertaken. The overall project cost is estimated at around \$190 million. The production of polyethylene is expected to make a major contribution to Nizhnekamskneftekhim's product sales, of which around 40% currently stem from isoprene rubber, butyl & HB rubber and styrene monomer. The continual expansion of production at Nizhnekamsk has not only meant that Nizhnekamskneftekhim is reducing the dependency on specific products, but is also increasing its turnover based on new technologies and new markets.

Nizhnekamskneftekhim Main Product Sales (Billion Roubles)						
Year	2003	2004	2005	2006	2007	Q1 08
Isoprene Rubber	3.846	4.745	5.86	8.205	8.462	2.45
% of total turnover	16.5	15.1	14.7	17.8	15.3	13.7
Butyl & HB Rubber	3.524	4.037	6.241	7.302	7.914	3.314
% of total turnover	15.2	12.9	15.7	15.9	14.3	18.6
Styrene	4.12	4.772	4.82	4.831	4.987	1.232
% of total turnover	17.7	4.12	12.1	10.5	9.0	6.9
Total Turnover of Nizhnekamskneftekhim	23.261	31.352	39.825	46.027	55.192	17.857

Tomskneftekhim to increase deliveries by road over rail

Tomskneftekhim is studying the possibility of increasing product sales through road transportation. The conclusion by the company several years was that it was better to transport more products by rail transport, but this option today seems less attractive and increased efforts will be made this year to increase the volume of shipments using lorries. Rail costs have increased over the past few years making it a less

profitable form of transport, and alternatives are thought to be necessary. To help ship product by lorry, Tomskneftekhim is taking part in the construction of a road that will connect Tomsk with Khanty-Mansiysk and Perm. Around 248 million roubles has been targeted by the company, moreover, for modernising internal road facilities on the plant complex. With further infrastructure investments road transport is expected to become more viable and a challenge to the railroad. Aside increased tariffs, delivering by rail is often ineffective in terms of time and cost according to Tomskneftekhim the management of the rail companies are not particularly co-operative.

Tomskneftekhim's operation rates 2008

Tomskneftekhim has been running at 100% of capacity this year, and the complex expects to produce 230,000 tons of polyethylene compared to 210,000 tons in 2007. Polypropylene production is expected in the range of 110-112,000 tons. The complex has the advantage of being the main regional supplier of polyolefins, with the Angarsk Polymer Plant being the nearest competitor near the Chinese border. SIBUR is expected to reach a decision soon about the investment of 13.6 billion roubles into the construction of new polymer facilities at Tomsk, including an increase in ethylene capacity to 380,000 tpa, a new polypropylene plant with a capacity of 220,000 tpa and a new HDPE plant of 140,000 tpa. Tomskneftekhim expects this project to start construction in 2009, assuming SIBUR goes ahead as planned. Full production numbers for Tomskneftekhim can be seen at the Statistical Database at www.cirec.net.

Tomskneftekhim from 2009 will undergo shutdowns every two years compared to every one year at present. Until now annual shutdowns have been mandatory in line with the operational procedure of the plant. This year the olefin plant will shut on 10 July for two months, but this extended shutdown will facilitate a full year's uninterrupted production in 2009. This should help to increase production volumes.

Tomskneftekhim is to receive 85.9 million roubles from the insurance group Sogaz for losses incurred in the explosion that took place in August 2007. As a result of the explosion the polyethylene unit was damaged.

SIBUR to create centre for managing projects in the Nizhny Novgorod region

Due to the large-scale chemical investment plans in the Nizhny-Novgorod region, SIBUR-Holding is to create a special centre for managing these projects, linked directly to SIBUR-Neftekhim. The RusVinyl project is the most important of the projects in the region, with SIBUR-Neftekhim's Kstovo site providing the centre for the new plant. Further PVC processing projects are being examined, which are likely to be based at Dzerzhinsk.

The European Commission said it has cleared Solvay and BASF's joint venture with SIBUR. The venture, RusVinyl, will see the construction of a 650 million euro PVC complex at Kstovo. The transaction was reviewed under the EU's 'simplified' merger review procedure for cases which the commission believes do not pose competition concerns. For the duration of the investment agreement (84 months) RusVinyl will be granted a tax benefit by the Nizhny Novgorod region amounting to 2.8 billion roubles. Total investment in the project is expected to amount to 33.6 billion roubles.

SIBUR-Neftekhim expects to invest around 7 billion roubles in the reconstruction of the ethylene facilities at Kstovo, which is expected to require a full period of 60 months. The eventual target capacity is 430,000 tpa, together with hydrocarbon facilities of 610,000 tpa.

Bulk polymers

Revenue from Polyethylene & PE pipes for Kazanorgsintez (Billion Roubles)						
	2003	2004	2005	2006	2007	Q1 08
HDPE	2.45	2.97	3.37	5.29	8.67	2.84
LDPE	2.79	4.32	4.57	5.17	5.87	1.84
PE Pipes	0.76	0.89	1.26	1.37	1.71	0.22
Total	3.55	5.21	5.83	6.53	7.58	2.06

Kazanorgsintez-Q1 2008

Kazanorgsintez witnessed further increases in polymer revenues in the first quarter this year, with HDPE sales showing the biggest change. Revenues from HDPE in Q1 2008 were higher than the full year of 2003. LDPE sales

have also increased, but the physical volumes have remained the same whilst HDPE volumes have expanded after the major investments.

In terms of raw materials Kazanorgsintez received a record volume of ethane deliveries from Gazprom in the first quarter of 2008, with relations much improved over 2007. At the expense of higher ethane purchase from Gazprom, purchases of propane-butane from SIBUR-Holding dropped back.

Notwithstanding higher ethane purchases, Kazanorgsintez was still heavily dependent on Nizhnekamskneftekhim for ethylene purchases in the first quarter and will remain so for 2008. Benzene

purchases fell in the first quarter, but should show an increase from Q2 onwards as Kazanorgsintez attempts to run its bisphenol A facilities at full capacity.

Kazanorgsintez Raw Material Purchases Q1 07 to Q1 08					
(unit-kilo tons)					
Ethane	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08
Gazprom	64.484	24.569	73.572	64.792	91.484
Tatneft	22.151	22.659	23.123	21.909	22.712
Total	86.64	47.23	96.70	86.70	114.20
Ethylene	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08
Nizhnekamskneftekhim	17.258	35.893	44.645	55.626	57.853
Salavatnefteorgsintez	21.235	21.474	12.722	0	0
Total	38.49	57.37	57.37	55.63	57.85
Propane-Butane	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08
SIBUR-Holding	33.74	0.00	41.3171	13.6699	12.33
Imexneftekhim	21.60	17.22	17.05	30.613	14.59
Tatneft	0.00	11.27	2.317	22.732	2.099
Ekoplastik	0.00	4.39	0	0	0
Others	12.30	16.66	2.133	0	9.144
Total	67.64	49.54	62.82	67.01	38.16
Benzene	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08
Belis	3.05	2.18	1.677	1.507	1.074
SIBUR-Holding	4.57	2.80	6.911	2.701	0.982
Megapride	1.01	0.61	0.788	0.848	0.597
Severstal	1.32	1.29	0.733	2.271	3.999
Kinef	1.82	0.00	0	0	0
Imexneftekhim	0.00	0.73	0	0	0
Salavatnefteorgsintez	0.00	1.20	0	0	0
Sintezkhinvest	0.00	0.00	0.908	1.736	2.31
Arikon	0.00	0.00	3.433	3.45	1.467
Others	2.72	1.88	1.619	0	0.845
Total	14.502	10.668	16.069	12.513	11.274

Kazanorgsintez has forecasted a 29% increase in turnover in 2008 over 2007, reaching 29 billion roubles. A number of new projects, combined with higher product prices, are the main factors behind the forecast. In 2007, Kazanorgsintez invested 10.6 billion roubles into facilities such as the modernisation of the phenol plant, the expansion of the HDPE plant and the ongoing reconstruction of the ethylene plant. Kazanorgsintez plans to invest around 500 million roubles in the reconstruction of the ethylene plant to increase capacity to 605,000 tpa. Two new units started construction, Butene-1 and CO₂, whilst the bisphenol A plant started production at the end of 2007. For the whole of last year, the turnover for Kazanorgsintez amounted to 21.358 billion roubles.

SIBUR-Khimprom-Toyo contract

Toyo Engineering Corp. Toyo Engineering Korea, jointly with Itochu

Corporation have concluded a contract with SIBUR-Holding for the construction of the ethylbenzene plant at SIBUR-Khimprom's Perm site. The capacity of the ethylbenzene plant is 220,000 tpa, with a completion date of 2010. The technology for the project is being supplied by Badger Licensing.

Aromatics & derivatives

Russian styrene market

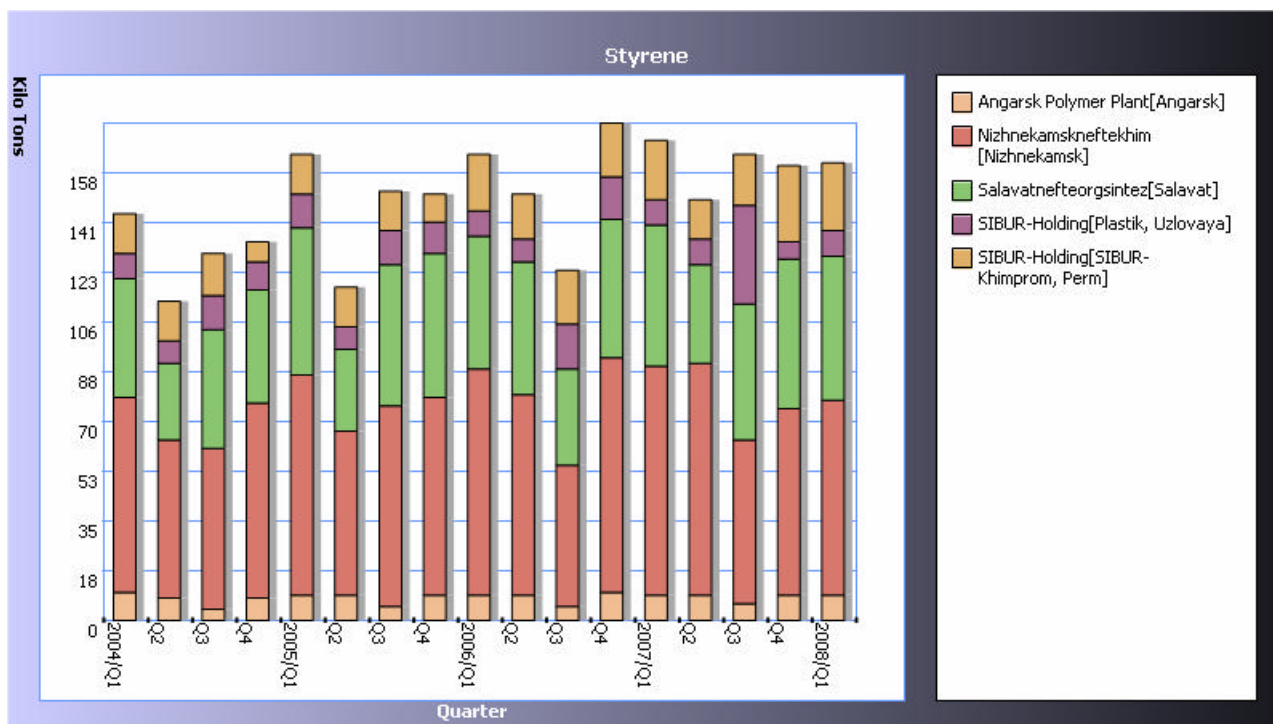
Russian styrene consumption fell by 3% to 70,100 tons in the first quarter as polystyrene production dropped back slightly against the same period in 2007. A few plants saw lower production in the first quarter, but the

difference was not significant.

Russian Styrene Monomer Merchant Sales (unit-kilo tons)				
Producer	2007	2006	Q1 08	Q1 07
Angarsk Polymer Plant	11.0	10.4	2.2	2.3
Nizhnekamskneftekhim	1.2	10.9	2.8	0.2
Plastik	3.6	5.8	0.1	0.8
Salavatnefteorgsintez	30.3	11.5	4.7	6.4
SIBUR-Khimprom	54.7	60.1	15.5	15.7
Total	100.8	98.7	25.3	25.3

Exports of styrene rose in response to lower consumption on the domestic market. In 2007, styrene consumption increased 13% in 2007 over 2006, reaching 291,300 tons, whilst exports accounted for 53% of total production. Russian styrene production for the period 2004 to Q1 2008 is illustrated in the graphic

below. Full data is available in the Statistical Database at www.cirec.net.

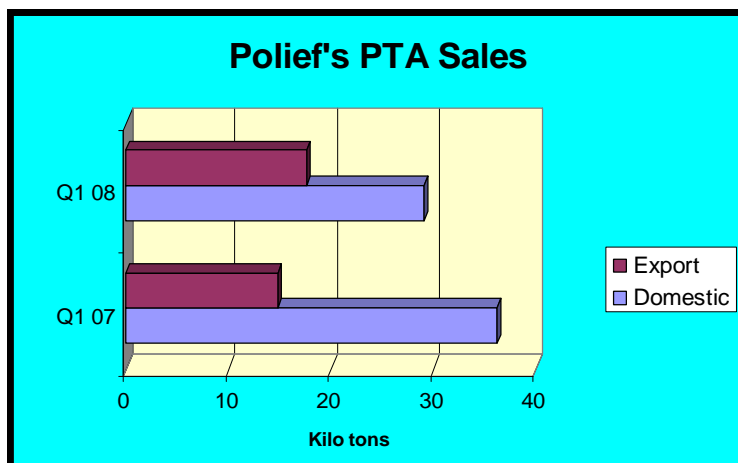


Aside polystyrene, the main outlet for styrene consumption in Russia is butadiene-styrene rubbers and latexes. In the past year, an increase in the consumption with the production of ABS has been noted. Styrene production totalled 619,900 tons in 2007, which was 3% higher than in 2006. In the first quarter of 2008, production totalled 162,500 tons, which was 4% lower than in 2006. Merchant based deliveries of styrene in 2007 totalled 100,900 tons, 2% higher than in 2006. The largest supplier to the domestic market was SIBUR-Khimprom, which accounted for 54% of total shipments.

At the start of the year Russian styrene prices stood around 38,000-40,000 roubles per ton after VAT. However, in February prices again began to rise and on average prices have risen by 2,500-3,000 roubles per ton since January. Nizhnekamskneftekhim is the largest producer of styrene in Russia, and yet supplies the least volume to the domestic market. The focus for Nizhnekamskneftekhim is divided between captive needs for polystyrene or exports. Russia exported a total of 328,600 tons of styrene in 2007, for a total value of \$390.6 million, which was 4% lower than in 2006. Finland took 69% of Russian styrene exports, with other important destinations including Turkey, Ukraine, China, and Hungary. In the first quarter of 2008, Finland accounted for 75% of Russian exports, which totalled 92,400 tons for a total value of \$116.8 million.

Polief starts second PET line

Polief has started the second line of the PET plant, bringing the total capacity at Blagoveshchensk up to 120,000 tpa. The company is currently in the planning stage for new units for PET and PTA, which is expected to see

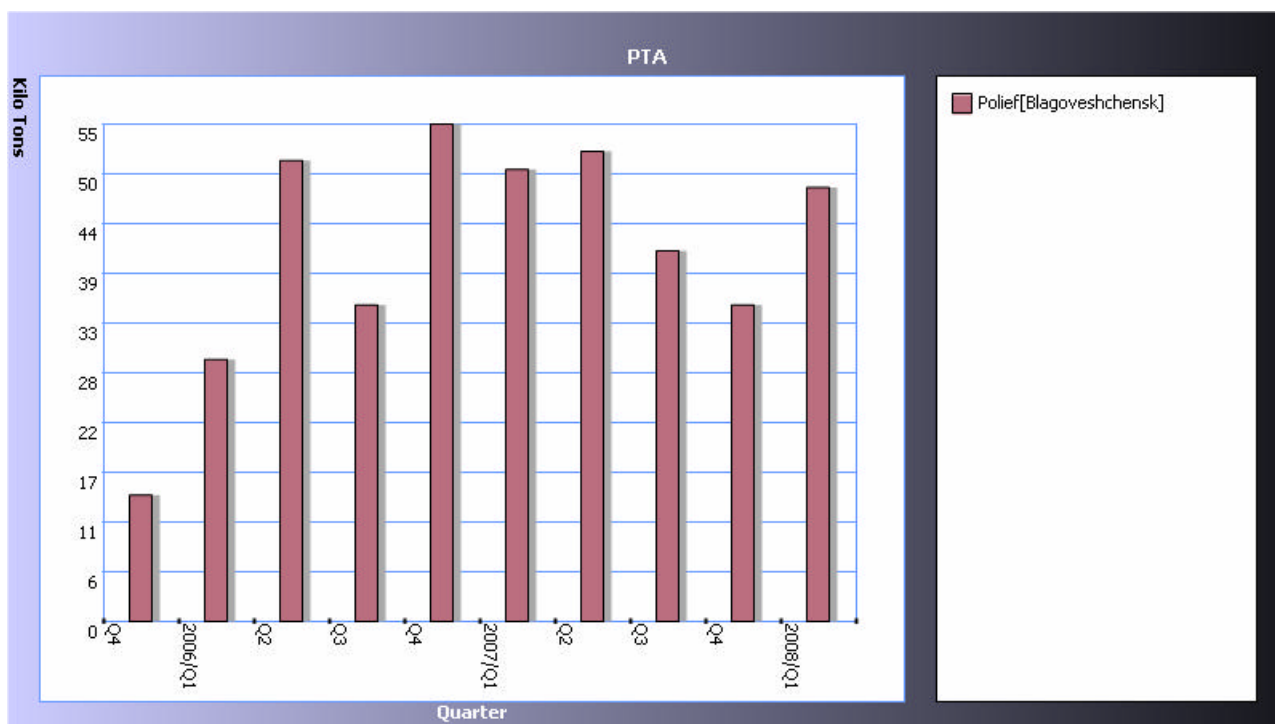


PTA capacity to rise to 600,000 tpa and PET to 400,000 tpa. For the current PTA plant at Blagoveshchensk, paraxylene is sourced from Ufaneftekhim at 12,000 tons per month, and on both location and price this represents the best plant to source its main raw material. The main share of PTA sales from Polief is directed towards the Russian domestic market, but other markets such as Belarus and Lithuania have also been attracting sales and this explains why exports in Q1 2008 were higher than Q1 2007. For PTA sales in the first quarter, the internal market accounted for 58% of total shipments against 62% in 2007. The third quarter this year should see a further

increase in domestic sales as the new PET unit at Polief achieves full capacity.

The second 60,000 tpa line is exactly the same design as the first unit which was introduced in late March/April this year. Other PET producers in Russia include Senezh and SIBUR-PETF, with total PET production in 2007 amounting to 159,000 tons. The market in 2007 for PET in Russia was valued at 542,000 tons, 12.4% higher than in 2006. Imports accounted for 72% of the market in 2007, but this share will drop in 2008 following the start of the PET facilities by Polief. Polief is 82.5% majority owned by Domestic Polymers, a JV between SIBUR and LUKoil-Neftekhim (50/50), with the remaining 17.5% owned by the Bashkortostan government.

Polief continues to incur losses on its production although the accounting figures for the first quarter show that the losses are beginning to decline. In the first quarter of 2008 21% of sales were delivered using bulk containers, which was 16% less than in Q4 2007. The average PTA price was 23,014.91 roubles per ton (or \$970), whilst turnover for Polief totalled 1.149 billion roubles (\$484 million). Profitability measured against its own capital has been negative for the last five years, which indicates the unpredictability of sales. PTA production is shown in the following graphic.



Retal-PET raw material costs

PET accounts for around 80% of Retal's raw material costs, thus tending to determine the company's profitability. The profit margin between PET prices and the prices that Retal can pass on to its own customers is critical for its financial performance. Despite the emergence of locally produced PET in the past year, Retal has to date continued to rely mostly on imported PET. Imported product has in certain cases remained cheaper than domestically produced PET, even after customs payments, taxes and transport, etc. However, with more capacity coming on stream in Russia the company believes that strong competition will result in lower prices in

Retal's costs	2005	2006	2007
Raw materials (kilo tons)	121.8	129.7	148.5
Imports share %	87	95	90

future. Other costs incurred by Retal besides PET include expenditure on energy 2.5% and transport services 3.5%. At present, Retal is conducting measures for saving on energy and further optimisation of transport expenditures.

Part of the risks for PET raw material supplies are mitigated by long-term contracts with suppliers, but nonetheless Retal is dependent heavily on the feedstock situation for PTA and paraxylene. PET production in Russia started at Tver in 2003, with SIBUR-PETF's 52,500 tpa plant. The plant uses Zimmer technology. The second PET plant to come onstream was Senezh near Moscow, which uses technology supplied by Inventa-Fisher and Buhler AG, and has this year been increased to 180,000 tpa. Now with the start-up of the second line of the PET plant at Polief, based on Mitsui and UOP Since technology, total Russian capacity stands at 352,500 tpa. This currently meets around 60% of the market, which is almost entirely directed towards bottles. Other application areas of consumption are yet to be developed. Demand for PET is expected to grow in the range of

around 7% in the Russian market over the next few years, but to continue growing long term at these levels will require other outlets to become more important.

In addition to the three production centres for PET in Russia, the presence of capacity in Lithuania at Klaipeda is already playing an important role in the Russian market. Retal belongs to the Neo Group, which started the 154,000 tpa plant for PET at Klaipeda in 2005. This was increased to 308,000 tpa in 2006 and the plant is reported to be running at full capacity. The start-up of the Indorama plant at Klaipeda in 2006, with a capacity of 180,000 tpa, Klaipeda has become a major centre for PET production. Increased domestic and Lithuanian availability of PET has seen a big fall already in South Korean imports., prompting KP Chemical to form a jv for PET production in Tatarstan.

Methanol

Methanol projects, Vladivostok & Novgorod

Gazprom and SIBUR-Holding's methanol jv, Sibmetakhim, is studying the possibility of building a methanol plant on the Russian Pacific coast, not far from Vladivostok. The capacity of the new plant has been projected at more than 1 million tpa, and would be almost entirely export-oriented towards Asia. Around \$500 million would need to be invested into constructing the complex.

The proposed plant for the Pacific coast follows a number of other announcements and confirmed methanol projects in recent months. A similar scale project is also under review in Sakhalin. Sibmetakhim was created in September 2006 and was created by Gazprom for control of its methanol plants, including Metrafrax at Gubakha and Metanol at Tomsk. SIBUR's involvement in the project may come under question, however, as it could be undergoing a move away from products such as methanol. Thus, it cannot be ruled out that Gazprom would opt for a foreign player such as Mitsubishi that could not only provide the technology but also arrange offtake supplies.

Akron has started the reconstruction of several plants in its Novgorod complex, where it expects to spend around \$44 million in the next year and a half. The aim of reconstruction is not only to improve industrial safety, but also to increase the capacity for methanol, from 101,500 tpa to 175,000 tpa by 2009, and the re-equipping of the air separation unit. Linde is expanding the methanol plant at Novgorod.

Plastics

Dzerzhinsk Orgsteklo

Dzerzhinsk Orgsteklo (DOS) is contemplating the closure of its MMA plant, which has a capacity of 24,000 tpa. This would be due to a sharp rise in prices for raw materials oleum and sulphuric acid since the start of 2008. According to DOS, prices for oleum have risen four-fold, whilst sulphuric acid has risen 2.5 fold since the start of the year. This significant cost-increase is caused by a sharp increase in the cost of sulphur, 90% of which in Russia is supplied by Gazprom. It is now cheaper for DOS to purchase MMA for PMMA production rather than produce it internally. In the first quarter of 2008 the company incurred a loss of 16.211 million roubles, mainly influenced by MMA costs. DOS is yet to make a final decision on the MMA plant, and still hopes that it might be able to resolve the raw material cost problems, but closure is an option should these measures fail. Other chemical plants in the Dzerzhinsk region are also facing high raw material costs and the threat of having to stop production, such as Korund for example.

Vladimir Chemical Plant

The Vladimir Chemical Plant increased turnover by 8.2% to 708 million roubles in the first four months of 2008 over the same period last year. Physical production of PVC products was down 8.7% to 11,680 tons in the first four months of the year. Plasticizer cable production fell 7.7% to 11,000 tons, thermoplastic sheets fell 28.7% to 235 tons. Other falls were seen for polyethers by 18.9%, to 1,080 tons, polymer films by 7.3%, to 511.6 tons, and glass-fiber-reinforced plastics for the aircraft plants by 11% to 3.3 tons.

Uralkhimplast-formaldehyde upgrade

Uralkhimplast has started to reconstruct its formaldehyde plant at Nizhniy Tagil in the north Urals. The oldest unit of 30,000 tpa, which produces 50% formalin, will undergo reconstruction in August this year. The revamp of the second and third units, which both have a capacity of 50,000 tpa, was started in June. The reconstruction of

the formaldehyde plants is aimed at producing greater volumes of concentrated formalin for Uralkhimplast's production of urea-formaldehyde concentrate.

Organic Chemicals

Akrilat Q1 2008

Akrilat continues to make financial losses from its acrylic acid and ester production operations at Dzerzhinsk, although the first quarter results have shown a slight improvement in overall performance. The proportion of propylene and butanol in production costs through 2007 and the first quarter this year has increased against previous quarters due exclusively to higher prices. Salavatnefteorgsintez was a major raw material supplier in 2007, but did not supply directly in the first quarter with Akrilat dividing purchases between SIBUR-Holding and trading company ATEK at Ufa. ATEK has largely taken over the responsibility of supplying butanols to Akrilat that were produced at Salavat, and this has resulted in slightly lower prices. However, the price trend for butanols and propylene has been upwards and according to Akrilat, propylene prices increased 113.7% between January 2005 and January 2008, whilst butanols rose 70.4% in the same period.

Compared against 2007, first quarter raw material costs grew 31.8% for propylene and 8.3% for butanols. For other less important materials such as methanol and ethanol, the company has been able to secure

Akrilat's Raw Material Suppliers (Propylene and Butanols)			
<i>Company</i>	<i>Location</i>	<i>Period</i>	
		<i>2007</i>	<i>Q1 08</i>
Salavatnefteorgsintez	Salavat	26%	-
SIBUR-Holding	Moscow	44%	54%
ATEK	Ufa	21%	45%

lower prices than in previous years. Akrilat's future plans include the expansion of acrylic acid and ester facilities, in addition to introducing measures aimed at reducing costs and improving the economic viability of production. Technical research has been conducted into the extraction of butanols that could provide around 300-400 tons per annum. Other research has been conducted into the possibility of producing polyacrylate of

sodium and copolymers, together with maleic acid on an industrial scale.

One of the reasons for the company's consistent losses in production occur due to unplanned shutdowns that have been too numerous to bear. For example, the solvent isolation column (T -105) stops for cleaning of every 40-50 days, and is down for several days. The main challenge, above all, for Akrilat is the guaranteed supply of propylene. The company has completed the construction of its own storage facilities, but this is considered only a part solution and does not solve the problem fully. Having to depend on the merchant market for propylene exposes Akrilat to fluctuations in prices and supply, and so efforts are being made to develop other areas such as dispersions for the paint and varnish industry, including anticorrosive coatings, etc. The aim is to produce products with a higher added value that may offset at least raw material pricing, and this area of focus is to receive in-depth examination this year.

Renova-Orgsintez agrees to sell Promsintez

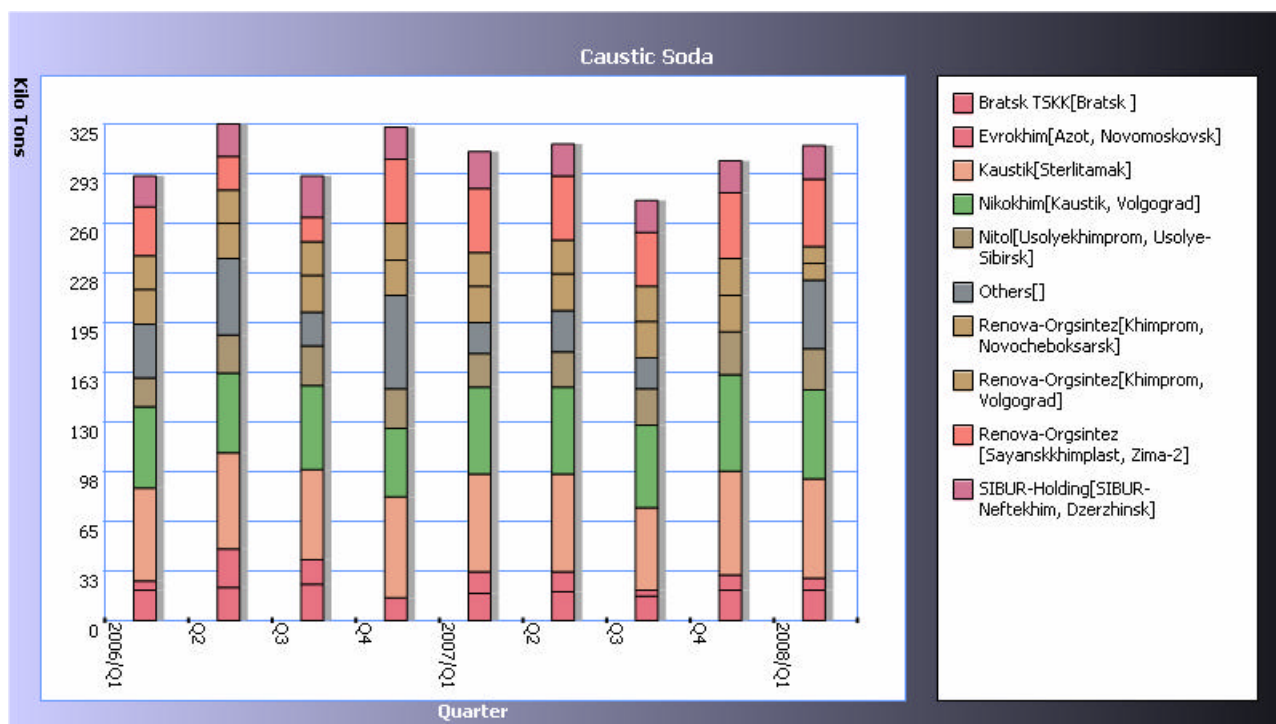
Renova-Orgsintez is reported to have sold 68.8% of Promsintez at Chapayevsk in the Samara region to its former owner Aleksey Kozlov for somewhere in the range of \$85 million. It is speculated that the assets could be then sold to Volzhskiy Orgsintez. In the past year, Deloitte & Touche estimated the value of Promsintez at \$135 million. Renova-Orgsintez controls Khimprom at Novocheboksarsk, Neftekhimya at Novokuibyshevsk), and Sayanskkhimplast. It also has 34% of Khimprom at Volgograd, with the majority stake still with the State.

Promsintez is one of the main producers of nitrobenzene and industrial explosives in Russia. The company made a net profit of 44 million roubles in 2007, from a turnover of 2.24 billion roubles. In the first quarter of 2008, a loss of 7 million roubles was incurred, which may have been the reason for Renova-Orgsintez to sell. In 2006, Renova attempted to purchase Volzhskiy Orgsintez (VOS), but the company's shareholders rejected the offer. VOS already consumes nitrobenzene, which it buys from Promsintez, and thus there are potentially strong synergies between the two plants. VOS plans an expansion of aniline based products, but can only achieve these goals through better integration.

Chlorine

Kaustik Volgograd

In the first four months of 2008 Kaustik at Volgograd achieved a turnover of 1.647 billion roubles, which was 26.4% higher than in the same period last year. The company increased the production of caustic soda granular by 15% in the period January-April to 25,803 tons, whilst liquid caustic soda production fell 0.8% to 48,948 tons. Other changes were seen in increases for liquid chloroparaffins by 28.2% to 3,659 tons and hydrochloric acid by 7.2% to 85,741 tons. Kaustik's main product is caustic soda, for which it accounted for 36% of consumption in Russia in 2007. Quarterly production over the past few years for Russia is shown below (data and graph is taken from the Statistical Database at www.cirec.net).



Caustic soda consumption in Russia is mainly targeted on pulp and paper industry, nonferrous metallurgy, energy and the chemical industry itself. In smaller volumes, caustic soda finds use in ferrous metallurgy and carbon industry, in machine building, with oil output and petroleum refining, in the light and food industry, and also with the production of building materials, in medicine, etc. Kaustik belongs to the holding company Nikokhim, and on the basis of the first quarter of 2008 remains the leading supplier of caustic to the Russian market.

It is also an important player in chloroparaffins, commodity chlorine, etc.

Russian Caustic Soda Market Balance (unit-kilo tons)					
	2003	2004	2005	2006	2007
Production	986.6	1,045.3	1,224.3	1,265.3	1,291.8
Exports	81.6	124.7	217.2	193.3	261.4
Imports	0.1	18.4	14.5	10.4	1.9
Consumption	905	938.9	1,021.6	1,082.2	1,032.3

Base Chemicals

Shchekinoazot-sulphuric acid agreement with P&G

Shchekinoazot has started selling around 20% of its sulphuric acid production to Procter & Gamble. The company managed to obtain extra pure acid at the new production facility. Currently, Shchekinoazot is constructing the monohydrate and oleum absorbers at the Efremov plant, and should be completed in September this year when Shchekinoazot takes a shutdown. After the upgrade the capacity of oleum absorber will increase from 164,000 tpa to 225,000 tpa. The Efremov-based plant produces about 360,000 tpa of reactive sulphuric acid.

Berezniki Soda Plant

The control of Berezniki Soda Plant has been handed to Bashkiria Khimya for the one year, with the possibility of extending the agreement. The Russian federal antimonopoly service approved the petition made by Bashkiria Khimya to obtain 100% of shares in the Berezniki Soda Plant and as result, the Ufa based company now controls a large share of the Russian soda ash market. Bashkiria Khimya already controls Russia's largest soda ash producer Soda at Sterlitamak, which occupies 58% of the total market for production.

Specialities

Renova Orgsintez, polycrystalline silicon

Renova-Orgsintez has announced plans for the construction of a unit for the construction of polycrystalline silicon at Khimprom's Novocheboksarsk site. Khimprom will produce the trichlorosilane necessary for the output of polycrystalline silicon. The capacity of the silicon plant will be 5,000 tpa, involving investments of around €640 million. The start-up is scheduled for 2011. This would represent the second Russian project for polycrystalline silicon, following Nitel's investment at Usolyekhimprom in the Irkutsk region. This plant is expected to start in 2009 and will be managed by the special subsidiary Nitel-Solar. Production is expected to reach 3,900 tons in 2009, but Nitel has already alluded to an increase in capacity. Nitel and Renova-Orgsintez are in direct competition as holding companies, with specific interests in the chlorine chain.

Nitel, polycrystalline silicon

The market for polycrystalline silicon is said to be rising by 50% per annum, as its main application area is linked to solar energy. Global production amounts currently only to around 55,000 tpa, and there is already a deficit of product in the marketplace. Nitel Solar has already produced its first sample, and the analysis has indicated that the quality of tested polycrystalline silicon complies with world standards. Suntech Power Holdings, one of the world's leading manufacturers of photovoltaic (PV) cells and modules, has recently reached agreement with Nitel Solar to expand their existing seven-year polysilicon supply agreement, which runs from 2009 to 2015. Under the expanded agreement, Nitel has agreed to increase the volumes to Suntech in this timeframe.

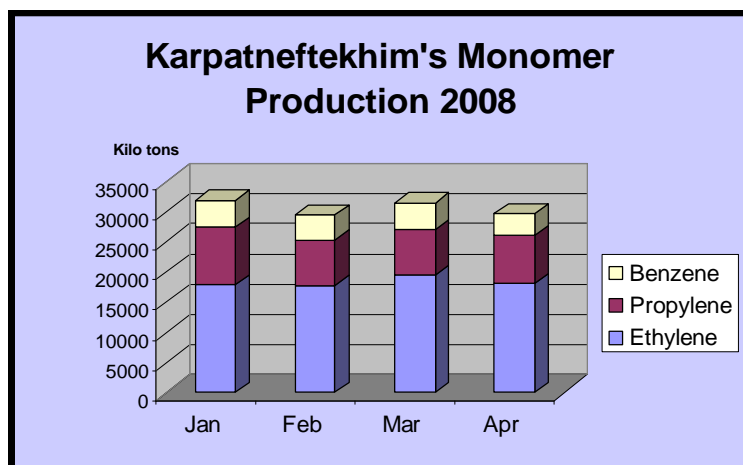
Suntech recently announced a strategic investment whereby Suntech will acquire newly issued ordinary shares comprising a minority interest in Nitel Solar for a total consideration of up to \$100 million. Suntech has paid the first \$33 million installment of this investment to Nitel Solar. The proceeds from this transaction will enable Nitel Solar to advance the development of its new 3,700 tpa polysilicon plant. The new facility will utilise advanced polysilicon production equipment based on Siemens design, together with an advanced recycling process to ensure the clean and safe manufacture of purified polysilicon.

Ukraine

Karpatneftekhim-production halt

Karpatneftekhim has stopped petrochemical production for two and a half months at Kalush due to the increase in raw material costs. Production has become unprofitable for the plant, which is dependent largely on raw material deliveries from LUKoil's refinery at Ukhta in the north of Russia. During the extended shutdown the plant will undergo modernisation of certain equipment parts. Karpatneftekhim runs its cracker on naphtha and diesel oil, which is the main reason for high costs but also product sales from the VCM plant have been down due to low demand from Central Europe. At the start of the year, forecasts were made by Karpatneftekhim that cracker losses for 2008 would amount to \$5.5 million per month, but losses in April exceeded more than \$10 million per month. Energy costs have risen, compounding the problems, whilst gas oil prices have risen 49% since the start

of the year. The conflict between LUKoil-Neftekhim and the Ukrainian government over ownership of Oriana is not helping the situation at Karpatneftekhim. As LUKoil is not able to buy raw materials from nearby Ukrainian refineries it becomes extremely non-cost-effective to transport raw materials over long distances from Russia.



In 2007, Karpatneftekhim produced 809,400 tons of merchant based products. This included 171,500 tons of VCM, 53,400 tons of caustic soda, 102,000 tons of polyethylene, 103,600 tons of propylene and 228,000 tons of ethylene. LUKoil owns 76.04% of Karpatneftekhim with the Ukrainian government owning the remaining, but there is little love between the two sides and LUKoil is having to defend its corner to maintain control over the Kalush complex.

Ukrainian styrene market

Aside polystyrene, the other main outlet for styrene in Ukraine is for the production of ion-exchange resins. Due to the absence of domestic production, Russia is the main supplier of styrene to Ukraine, usually from Nizhnekamskneftekhim. In 2007, Ukraine imported 36,500 tons of styrene at a total cost of \$46.6 million. The main consumer of styrene is Stirol at Gorlovka, which accounted for 94% of imports last year. Ion-exchange resin production takes place at Dneprodzerzhinsk and Cherkassy.

This year polystyrene production rose at Gorlovka by 17% in the first four months, leading to an increase in styrene imports. The volume of output of ion-exchange resins in the same period increased 1.5 fold. In April, the price of styrene had risen 17% since the start of the year and had reached \$1457 per ton

DAF/FOB on the border of Ukraine. Stirol produced 129,569 tons of ammonia in April, showing an increase of 18.1%, whilst urea rose 16.7% to 85,175 tons. Polystyrene production totalled 4,709 tons, which showed a 28.9% increase over 2007.

Ukrainian Chemical Production 2008 (unit-tons)				
Product	Jan	Feb	Mar	Apr
Acetic Acid	15,050	14,510	14,310	4,630
Adipic Acid	2,845	2,660	2,860	2,740
Ammonia	490,700	452,800	461,400	470,000
Benzene (-95%)	16,628	16,659	18,439	16,678
Benzene (+95%)	14,821	14,151	14,431	13,374
Caprolactam	5,340	6,200	4,480	2,920
Caustic Soda	10,500	9,300	8,800	9,800
Ethylene	17,878	17,817	19,507	18,079
Formaldehyde	5,340	5,100	8,173	8,173
Methanol	18,846	17,599	18,499	5,470
Polyethylene	7,914	7,837	11,332	8,913
Polypropylene	7,687	7,888	9,021	6,950
Polystyrene	2,179	3,984	3,797	3,889
Polyvinyl Acetate	455	1,083	1,319	791
Propylene	9,541	7,500	7,500	7,982
Soda Ash	76,400	74,200	87,300	87,300
Titanium Dioxide	11,701	10,786	11,662	11,633
Toluene	592	513	590	586

Ukrainian gas prices

The Ukrainian government implemented a price increase for the gas Naftogaz Ukraine sells to its industrial customers. The price increase averaged \$20.78 and all-inclusive May prices (with VAT) for chemical companies amounted to \$274.65 and for regular industrial users \$283.53. A further 3% price rise is expected in June. Despite the increase in gas prices, ammonia production in Ukraine has remained largely unaffected, although exports have dropped this year. In the first four months of 2008, ammonia exports fell by 16.6% or 94,509 tons lower than the 476,459 tons in the same period in 2007. At the same time, production of

ammonia rose by 2.4% or 44,600 tons compared with the same period in 2007, to 1,910.5 kilo tons. In the first four months of 2008, urea exports fell by 18.2% or 214,696 tons, compared to the same period in 2007, whilst production rose by 0.8% or 9,900 tons to 1,233,500 tons.

Crimean Titan

At the end of May, Crimean Titan started work on the expansion of the Titan-2 shop, which will increase capacity for titanium dioxide by 10,000 tpa. In April this year, Crimean Titan ended the first stage of the modernisation and expansion of the existing production capacities. As a result, work is being carried out on the increase of

capacity to 100,000 tpa; whilst at the same time the consumption of natural gas is being reduced from 600 cubic metres of gas to 450 cubic metres per ton of titanium dioxide.

Central Asia/Kazakhstan

Qongirost Soda Plant

Qongirost Soda Plant (QSZ), based in Qongirost in the north west of Uzbekistan, has been awarded a contract to supply soda ash to Mailuu-Suu Electric Bulbs Plant, a company in the Jalal-Abad Region in Kyrgyzstan. In April 2008, the first batch was shipped to Kyrgyz customers. QSZ, part of the state-owned chemical holding UzKimyoSanoat, was commissioned in August 2006. Currently, the plant is running at 80% of its projected capacity, of 100,000 tpa of soda ash. In the period January-April 2008, it produced a total of 22,600 tons. QSZ fully covers Uzbekistan's demand for soda ash, enabling the country to cease imports. With the start-up of this facility, Uzbekistan has been saving about \$20 million on annual imports. QSZ was constructed in cooperation with the Chinese engineering company CITIC Group (China International Trust and Investment Corporation).

Kazakh soda ash project

The state scientific research and design institute NIOKHIM, from Kharkov in east Ukraine, has signed a contract with Aluminium of Kazakhstan for the design and development of the technology of plant for soda ash production at Pavlodar. The sum of contract is \$3 million, with the aim to start the plant by 2011 after investments are expected to total \$128 million. The plant will be 400,000 tpa, which will meet the full demand in Kazakhstan, which currently is estimated at around 330,000 tpa and dependent mainly on imports from Russia. The main region for Kazakh soda ash consumption is Pavlodar, which uses round 200,000 tpa in the production of alumina.

Relevant Currencies

(Czech crown. Kc. \$1= 18.050. €1 = 26.784): (Hungarian Forint. Ft. \$1 = 173.46. €1 = 257.39): (Polish zloty. zł. \$1 =2.4832. €1 =3.6848): (Romanian New Lei. \$1 = 2.4380. €1= 3.6130). (Ukrainian hryvnia. \$1 = 5.0450. €1 = 7.4863): (Rus rouble. \$1 = 24.329. €1= 36.102)

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