Chemical Information Resources for East Europe and CIS

CIREC MONTHLY NEWS

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

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Key points from Issue 360

Central European petrochemical markets

- Polish PTA sales amounted to 447,000 tons in the first nine months in 2020 for a total value of zl 995 million (€215.759 million)
- Polish methanol imports amounted to 492,800 tons in the first three quarters in 2020 at a total cost of €91.807 against 486,600 tons in the same period in 2019 for €129.073 million
- Ethylene production for MOL's two sites at Tiszaujvaros and Bratislava amounted to 588,000 tons in the first three quarters in 2020 versus 631,000 tons in 2019
- Butadiene production at Tiszaujvaros dropped from 66,000 tons in January to September 2019 to 39,000 tons whilst raffinate production dropped to 59,000 tons from 113,000 tons.

Russian chemical production

- Chemical production rose 6.1% in Russia in the first three quarters this year, largely as a result of the start-up of the huge ZapSibNeftekhim complex at Tobolsk
- Russian ethylene production amounted to 3.094 million tons in the first three quarters in 2020 versus 2.254 million tons in the same period in 2019
- Russian HDPE production totalled 1.366 million tons in the first three quarters in 2020 against 692,700 tons in the same period in 2019
- Russia produced 3.322 million tons of methanol in the first three quarters in 2020 against 3.295 million tons in the same period in 2019

Russian chemical trade

- Export and import values for chemical and chemical product trade into and out of Russia both fell in the first three quarters in 2020
- Russian propylene exports amounted to 45,000 tons in the first three quarters in 2020 against 55,000 tons in the same period in 2019
- Russian methanol producers increased shipments for export in the first three quarters to 1.635 million tons from 1.561 million tons, with other trader volumes increasing the respective totals to 1.659 million tons against 1.591 million tons
- Russian TDI imports amounted to 38,000 tons in Q1-Q3 2020 against 37,900 tons

Russian Q1-Q3 producer performance

- Revenues for the SIBUR Holding for the first three quarters dropped 7% in 2020 against the same period last year to 369 billion roubles; third quarter recorded an increase of 4%
- Kazanorgsintez reduced revenues by 19.5% in the first three quarters this year to 46.8 billion roubles. Net profit dropped from 11.7 billion roubles to 6.5 billion roubles
- Kuibyshevazot's net profit dropped by 60% in Q1-Q3 2020 to 1.44 billion roubles
- In January-September 2020, Nizhnekamskneftekhim recorded a net loss of 2.3 billion roubles against a net profit of 20.4 billion roubles in January to September 2019.

Central & South East Europe

Central European refining, Jan-Sep 2020

Refining volumes dropped in Central and South East Europe in the first three quarters due mainly to the effects of COVID-19 on demand for gasoline and other oil products. Those companies focused principally on refining reported either losses for the first three quarters or much reduced profits due to lower prices and margins.

Central European Refining Volumes (unit-mil tons)		
Company	***Jan-Sep 20***	***Jan-Sep 19***
INA	2.3	3.7
Lotos	7.9	8.3
Lukoil Bourgas	3.4	3.3
Lukoil Ploiesti	2.0	1.7
MOL	8.5	7.8
NIS	2.8	2.7
Orlen-Lietuva	7.3	7.2
Orlen-Plock	11.5	12.2
Petrom	3.9	4.1
Rompetrol	3.8	4.6
Slovnaft	2.8	3.5
Unipetrol	4.1	6.0
Total	59.7	65.1

Companies such as PKN Orlen and MOL are diverse enough to be able to absorb losses from the refining sectors through activities in other business divisions.

In Poland the results for Grupa Lotos were affected by the fall in the differential between crack spreads for diesel oil and heavy fuel oil in Q2 and Q3 2020, which were down by 26.8% and 61.7% respectively. Orlen Lietuva managed to record a profit of €12.3 million in the third quarter of this year although revenues dropped 43% to €650 million. Orlen Lietuva in Lithuania increased sales of petrochemical products by 110% mainly through propylene shipments to Poland. Refinery capacity at Mazeikiai increased from 73% in the second quarter to 81% in the third quarter.

Refining Projects Central & South East Europe	
Company	***Project***
Grupa Lotos	Shares purchased in Grupa Azoty Polyolefins
Grupa Lotos	Hydrogen Recovery Unit
NIS	Propylene/ETBE
OMV Petrom	Bioethanol plant
OMV Petrom/Romgaz	Hydrogen plant

In Serbia Gazprom Neft owned NIS reported a net loss of 8.3 billion dinars ($82.6 million/€70.6 million) in the first nine months of 2020 from a 10.7 billion dinars net profit in the same period in 2019. NIS has signed a contract with Lummus Technology, part of McDermott Group to provide new technologies for propylene production, and a plant for the production of ETBE. The owners of NIS Gazprom Neft may be interested in renewed attempts to privatise Petrohemija.

Rompetrol Rafinare Processing & Sales (unit-kilo tons)		
Plant & Sales	***Jan-Sep 20***	***Jan-Sep 19***
Petromidia processed crude	3504	4756
Vega processed crude	265	328
Polymer production	102.0	92.0
PP sales	80	116
LDPE sales	49	27

In Romania OMV Petrom's net profit fell 70% in the first three quarters to 826 million lei ($199 million/€169 million). The negative performance was mainly caused by lower oil and gas prices. OMV Petrom is considering construction of a €245 million bioethanol plant and may apply for EU funds to finance the project. Romanian state-owned gas producer Romgaz and OMV Petrom could partner to develop a hydrogen production facility near a wind farm in Dobrogea.

Rompetrol Rafinare Jan-Sep 2025

In the first three quarters in 2020 Rompetrol Rafinare processed 3.8 million tons of crude against 4.6 million tons in the same period in 2019. This year the Petromidia refinery underwent a shutdown which accounted for lower processing. Rompetrol Rafinare reported losses in the first nine months due to the influences generated by the coronavirus. Margins decreased substantially compared to 2019 although there was a slight improvement in the refining margin in the third quarter. The petrochemical division produced 102,000 tons in the first nine months of 2020, against 92,000 tons in the same period in 2019. The increase in polymer production was mainly determined by the operating schedule of the LDPE plant in 2020. The petrochemical division created a new product (RMB30H) which is a special sort of polypropylene dedicated to protective medical masks.

PKN Orlen Group Chemical Sales (unit-kilo tons)		
Product group	***Jan-Sep 20***	***Jan-Sep 19***
Monomers	664	688
Polymers	335	420
Aromatics	267	293
Fertilisers	832	823
Plastics	293	302
PTA	447	410

PKN Orlen Q3 and year to date 2020

PKN Orlen reported an EBITDA of zl 1.996 billion in the third quarter this year versus zl 3.167 billion in the same period in 2019. The net profit dropped from zl 1.266 billion to zl 0.659 billion. The group's performance was helped this year by the strong earnings from power generation and retail. The power generation segment recorded EBITDA of around zl 1.0 billion, a steep improvement of 98% over the same period last year.

PKN Orlen Production (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Ethylene	368.1	378.7
Propylene	340.4	330.9
Butadiene	47.2	47.2
Toluene	9.8	9.5
Phenol	31.5	33.6
Polyethylene	266.0	274.5
PVC	213.9	215.0
Polypropylene	259.7	257.2

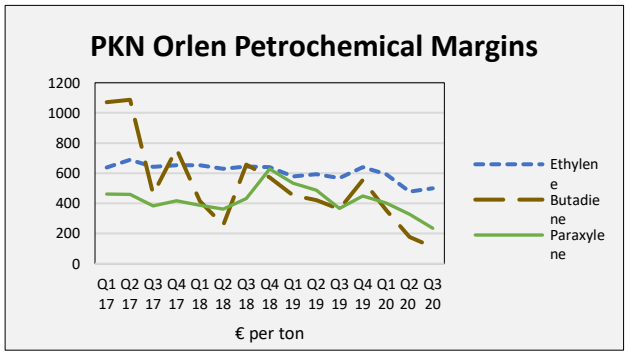
Regarding petrochemical sales, Orlen's PTA and fertilisers have risen in 2020, with other products reporting slight falls. In terms of production PKN Orlen produced 368,100 tons of ethylene in January to September 2020 against 378,700 tons in the same period in 2019 whilst propylene rose from 330,900 tons to 340,400 tons.

For Q3 2020, PKN Orlen reported revenues of zl 23.9 billion versus zl 29.229 billion in the same period in 2019. The decrease in sales revenues was due partly to the fall in crude oil prices which meant that ethylene and propylene prices fell by 21% and 19% respectively. Total operating costs for the Orlen Group decreased in the first nine months by zl 4,401 million to a total of zl 22,853 million mainly as a result of lower crude prices.

PKN Orlen Petrochemical Margins (€per ton)		
Product	***Q3 20***	***Q3 19***
Polyethylene	373	282
Polypropylene	411	392
Ethylene	499	644
Propylene	444	552
Toluene	87	213
Benzene	90	262
Butadiene	110	657
Paraxylene	235	431

Refining capacities of Orlen were utilised in 93% in the third quarter with a total crude throughput of 8.2 million tons. The Płock refinery processed 4.2 million tons of crude oil, unchanged from the same period last year despite the market pressure on refining margins.

In the petrochemical segment, Orlen's sales volumes in Q3 2020 remained flat at 1.3 million tons, which translated into an EBITDA of zl 502 million. From the accounted for zl 106 million. Sales in the domestic Polish market rose by 7% as a result of higher sales of olefins, fertilisers and PVC, while in Lithuania sales increased by 110% driven by an expanded market share. A decline of 16% was recorded only in the Czech Republic, mainly as a consequence of a slump in demand from the automotive and construction sectors and the effect of maintenance shutdowns.



Orlen's petrochemical margins showed declining trends in the third quarter although ethylene probably held up better than other feedstocks. Butadiene margins saw a sharp drop from €657 per ton to €110 per ton whilst paraxylene dropped from €431 per ton to €235.

In early September PKN Orlen reemphasised its ambition to achieve a zero-carbon footprint by 2050. The group pledged to reduce CO2 emissions from its current refining and petrochemical assets by 20% and from power generation by 33% per unit of output by 2030. Almost 75% of Orlen's total electricity output came from renewable and gas-fired sources in the third quarter. Following the acquisition of the Energa Group earnings from power generation increased by zl 486 million in the period July to September. At the end of the third quarter, the Orlen Group had a total installed generation capacity of 3,246 MWe, of which 1,436 MWe was attributable to Energa.

Polish PTA Exports (unit-kilo tons)		
Country	*Jan-Sep 20*	*Jan-Sep 19*
Belarus	22.6	19.7
Russia	3.0	2.0
Switzerland	5.5	3.3
Lithuania	9.3	3.0
Germany	214.4	180.8
Italy	1.8	1.8
Turkey	6.4	12.1
Others	11.8	9.0
Total	274.8	231.6

Polish PTA trade, Jan-Sep 2020

PKN Orlen's total PTA sales amounted to 447,000 tons in the first nine months in 2020 for a total value of zl 995 million (€215.759 million). This measured against 441,000 tons in January to September 2019 for €1469 million (€318.550 million). Germany took the largest share of Polish PTA exports at 214,400 tons against 180,800 tons in January to September 2019, followed by Belarus with 22,600 tons and 19,700 tons in the respective periods.

PTA export revenues totalled €142.822 million in the first nine months in 2020 which accounted for 61% of total sales from Orlen and translated into an average price of €519 per ton. Besides exports and domestic sales of PTA, Poland imported 23,623 tons in the first nine months in 2020 at an average cost of €503 per ton. Imports were sourced from Portugal, Belgium and the Netherlands. In addition to PTA, Poland imported 12,405 tons of paraxylene in the first three quarters this year to support production at Plock.

Domestic PTA demand in Poland is driven mostly by PET followed by plasticizers. PET producer Indorama Ventures Company (IVL) is one of the largest customers which undertook a stoppage at its PET plant in Wloclawek mid-October until mid-November. Poland's demand for PET bottle grade resin is estimated at around 260,000 tpa where IVL is striving to develop the recycling market.

Czech Polyethylene Trade (unit-kilo tons)							
Exports	***Q1 19***	***Q2 19***	***Q3 19***	***Q4 19***	***Q1 20***	***Q2 20***	***Q3 20***
LDPE	17.1	15.9	13.0	12.4	13.2	11.1	9.3
HDPE	58.2	57.6	48.8	41.3	51.7	82.0	63.6
EVA	0.2	0.3	0.5	0.5	0.9	0.6	0.8
Other	3.4	4.0	2.8	3.0	3.8	3.8	2.0
Total	79.0	77.8	65.1	57.2	69.6	97.6	75.7
Imports	***Q1 19***	***Q2 19***	***Q3 19***	***Q4 19***	***Q1 20***	***Q2 20***	***Q3 20***
LDPE	45.1	37.7	37.1	31.3	35.5	36.1	33.6
HDPE	31.9	29.1	28.6	26.0	32.5	26.9	27.5
EVA	2.2	2.2	2.3	2.2	2.8	1.5	2.5
Other	26.9	12.1	9.7	59.5	9.1	9.0	9.4
Total	106.1	81.0	77.7	119.0	79.9	73.5	73.0

Unipetrol Q3 2020

Unipetrol's revenue amounted to Kc 22.6 billion in the third quarter, down from Kc 34.8 billion, with an EBITDA of Kc 0.6 billion against Kc 2.5 billion in the same period in 2019. The refinery processed 1.914 million tons of crude against 2.1 million tons in the same period in 2019.

The major event for Unipetrol in the third quarter involved the handover of the PE3 polyethylene plant at Litvinov from the contractor Technip. In October Unipetrol held a planned emergency exercise at the new PE3 unit in Chempark Litvinov where the tactical emergency training put the existing emergency plan to the test.

The training focused on an isobutane leak in which the substance changed its liquid phase to the gaseous phase and caused a fire. Despite lower demand for polyethylene this year Unipetrol still managed to increase exports in the third quarter to 75,700 tons against 65,100 tons raising the total for 2020 to 242,900 tons versus 221,900 tons in January to September 2019.

Polish Propylene Imports (unit-kilo tons)		
Country	*Jan-Sep 20*	*Jan-Sep 19*
Azerbaijan	0.0	0.0
Austria	0.0	5.7
Czech Republic	4.1	0.9
Germany	2.1	6.9
Lithuania	17.8	15.8
Russia	20.0	22.4
Ukraine	56.5	47.8
Slovakia	0.0	0.5
Hungary	0.0	8.9
Others	2.1	0.9
Total	102.5	109.8

Polish propylene trade Jan-Sep 2020

Propylene imports into Poland amounted to 102,500 tons in the first three quarters in 2020 against 109,800 tons in the same period in 2019. Besides a sharp increase in production at Plock, imports into Poland were also made possible from Orlen Lietuva in Lithuania which rose to 17,800 tons against 15,800 tons. The main source of propylene imports into Poland in the first three quarters in 2019 was Ukraine, supplying 56,500 tons from the Karpatneftekhim plant at Kalush against

47,800 tons in the same period last year. Russian propylene imports into Poland rose to 20,000 tons in January to September 2020 against 22,400 tons in 2019.

Czech Petrochemical Imports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Ethylene	2.5	0.1
Propylene	40.2	26.6
Butadiene	49.9	14.7
Benzene	61.5	68.1
Toluene	4.0	2.7
Styrene	29.6	12.3

Czech petrochemical trade, Jan-Sep 2020

Due mainly to higher internal usage Unipetrol reduced exports of ethylene in the first three quarters to 12,100 tons against 64,600 tons in January to September 2019 whilst propylene exports amounted to 5,100 tons against 7,000 tons. Ethylbenzene exports from Kralupy dropped in the first three quarters to 65,000 tons against 116,500 tons in the same quarter last year. All Czech ethylbenzene is shipped to Poland to the Oswiecim plant owned by Synthos.

Czech Petrochemical Exports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Ethylene	12.1	64.6
Propylene	5.1	7.0
Butadiene	0.0	3.9
Benzene	13.5	31.9
Toluene	5.4	8.0
Ethylbenzene	65.0	116.5

For inward shipments, benzene imports into the Czech Republic amounted to 61,500 tons in the first three quarters against 68,100 tons. Poland shipped 57,306 tons of benzene to the Czech Republic supplemented by 3,039 tons from Serbian refinery NIS at Pancevo. Propylene imports into the Czech Republic increased to 40,200 tons in the first three quarters, whilst styrene monomer shipments rose to 29,600 tons.

MOL, Q3 2020

MOL Group Sales of Refinery and Petrochemical Products (unit-kilo tons)			
Country	**Q1 20**	**Q2 20**	**Q3 20**
Hungary	1,082	1,102	1,240
Slovakia	425	392	498
Croatia	432	419	547
Italy	342	333	448
Other markets	1,901	2,204	2,185
TOTAL	**4,182**	**4,450**	**4,918**

MOL's EBITDA rebounded sharply in Q3 from the Q2 lows and came in at $610 million in Q3 2020 which was only 12% lower than the same quarter last year. Refined crude for the MOL Group totalled 4.760 million tons in the third quarter in 2020 against 4.541 million tons in the same period in 2019.

Earnings strongly rebounded in the third quarter from the Q2 lows. The downstream segment EBITDA nearly doubled from the Q2 lows but still remained 26% weaker than in 2019 due to depressed refinery margins and slightly weaker petrochemical margins.

MOL's Olefin & Polyolefin Production (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Ethylene	588	631
Propylene	301	324
Butadiene	39	66
Raffinate	59	113
Product	***Jan-Sep 20***	***Jan-Sep 19***
LDPE	187	189
HDPE	286	302
PP	397	398

The polyol project at Tiszaujvaros exceeded 70% overall completion at the end of Q3, although progress is somewhat behind schedule as a result of the pandemic situation. In other product areas a new 20,000 tpa rubber bitumen plant was completed by MOL for recycling tyre waste.

Ethylene production for MOL's two sites at Tiszaujvaros and Bratislava amounted to 588,000 tons in January-September 2020 versus 631,000 tons in 2019 whilst propylene dropped from 324,000 tons to 301,100 tons. Butadiene production at Tiszaujvaros dropped from 66,000 tons in January to September 2019 to 39,000 tons whilst raffinate production dropped to 59,000 tons from 113,000 tons. In the polyolefin division, MOL produced 397,000 tons of polypropylene in Hungary against 398,000 tons in 2019, and 286,000 tons of HDPE against 302,000 tons.

Central European methanol trade,Jan-Sep 2020

Polish methanol imports amounted to 492,800 tons in the first three quarters in 2020 at a total cost of €91.807, against 486,600 tons in the same period in 2019 for €129.073 million. Russia supplied 389,000 tons to Poland in the first nine months this versus 290,300 tons in January to September 2019, whilst the second largest source imports came from Finland where imports declined from 75,100 tons to 45,000 tons.

Polish Methanol Imports (unit-kilo tons)		
Country	*Jan-Sep 20*	*Jan-Sep 19*
Belarus	9.1	7.2
Russia	389.0	290.3
Norway	29.0	34.6
Germany	5.2	30.7
Lithuania	5.5	0.0
Netherlands	8.7	5.0
Finland	45.8	75.1
Venezuela	0.0	35.3
Others	0.6	10.4
Total	492.8	488.6

Other major suppliers to the Polish market included Norway which reduced export shipments to 29,000 tons against 34,600 tons in the first three quarters in 2019.

Methanol imports into the Czech Republic amounted to 66,500 tons in the first three quarters against 59,822 tons in same period last year. Russian shipments dropped from 34,600 tons to 27,300 tons, whilst volumes from Poland jumped from 3,400 tons to 26,100 tons. Polish shipments into the Czech market this year are thought to be Russian produced methanol and thus the data reported by each country can appear confusing. Due to lower methanol prices costs of imports into the Czech Republic dropped from €18.487 million in the first three quarters last year to €14.929 million this year.

Czech Methanol Imports (unit-kilo tons)		
Country	*Jan-Sep 20*	*Jan-Sep 19*
Germany	10.6	11.5
Norway	0.7	8.5
Russia	27.3	34.6
Slovakia	0.5	0.1
Poland	26.1	3.4
Others	1.3	1.9
Total	66.5	60.0

Grupa Azoty Q3 2020

Grupa Azoty's third-quarter net profit fell nearly 33% to zl 41 million ($10.8m) on the back of negative margins at its plastics division. The fertilisers business posted Q3 sales at zl 1.44 billion, down from zl 1.52 billion in Q3 2019, although the EBITDA margin was only down 0.3% to 13.8% due to low natural gas prices.

Plastics sales dropped zl 93 million in the third quarter to zl 245 million, resulting in an EBITDA margin of -3.3%. The chemicals segment posted the largest reductions in selling prices in oxo-alcohols and melamine due to a decline in demand from the furniture industry.

Czech MDI Imports (unit-kilo tons)		
Country	*Jan-Sep 20*	*Jan-Sep 19*
China	2.5	1.4
Belgium	6.6	6.2
Germany	9.4	9.6
Italy	0.2	0.2
Hungary	2.7	3.2
Netherlands	1.7	0.9
Others	1.3	1.0
Total	24.3	22.4

Central European isocyanate imports

TDI imports into the Czech Republic amounted to 4,649 tons in the first three quarters at a cost of €13.755 million, down from 6,220 tons in the same period in 2019 at a total cost of €16.710 million. MDI imports into the Czech Republic amounted to 24,282 tons in the first three quarters against 22,437 tons in 2019, whilst costs of imports dropped from €35.943 million to €33.545 million.

TDI imports into Poland totalled 59,456 tons at a total cost of €89.761 million. Germany and Hungary were the two largest suppliers, providing 22,100 tons and 22,700 tons respectively.

Polish TDI Imports Jan-Sep 2020		
Country	*Imports (kilo tons)*	*Imports ($ mil)*
Hungary	22.7	34.5
Netherlands	8.4	12.2
Germany	22.1	32.4
Saudi Arabia	4.4	6.4
Others	1.9	4.1
Total	59.5	89.8

PCC Rokita Jan-Sep 2020

Despite a fall in revenues in the third quarter in 2020 PCC Rokita's EBITDA margin for the polyurethane division rose from 6.4% to 10.7% due largely to significant price reductions in raw materials, including prices of propylene oxide and ethylene oxide. Sales of polyols in the segment stabilized in the third quarter after challenges in the second quarter.

PCC Rokita Sales (unit-kilo tons)		
Category	*Jan-Sep 20*	*Jan-Sep 19*
Polyurethanes	66.7	66.9
Chlorine Division	253.7	249.1
Other chemicals	19.1	19.9

Exports accounted for around 55% of sales from the polyurethane sector in January to September 2020. Whilst PCC Rokita's performance dropped PCC Exol increased its net profit in the third quarter by 52% rising from zl 6.08 million to zl 9.22 million. In the first three quarters PCC Exol achieved higher profits after the pandemic induced an increase in demand for surfactants used in cosmetics and hygiene products.

RUSSIA

Russian Chemical Production (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Caustic Soda	954.6	960.9
Soda Ash	2,475.0	2,403.0
Ethylene	3,094.2	2,253.9
Propylene	1,972.0	1,757.4
Benzene	998.8	1,073.0
Xylenes	371.0	259.9
Styrene	543.9	543.7
Phenol	182.4	164.7
Ammonia	14,500.0	13,600.0
Nitrogen Fertilisers	8,247.0	8,442.0
Phosphate Fertilisers	3,310.0	3,156.0
Potash Fertilisers	7,357.0	6,186.0
Plastics in Bulk	7,484.0	6,338.0
Polyethylene	2,535.0	1,662.0
Polystyrene	431.8	401.9
PVC	777.3	768.3
Polypropylene	1,114.3	1,193.1
Polyamide	115.9	122.4
Synthetic Rubber	1,101.0	1,129.0

Russian chemical production, Jan-Sep 2020

Chemical production rose 6.1% in Russia in the first three quarters this year, largely as a result of the start-up of the huge ZapSibNeftekhim complex at Tobolsk. Ethylene production rose from 2.256 million tons in January to September 2019 to 3.094 million tons in the same three quarters this year, whilst propylene rose from 1.757 million tons to 1.972 million tons. In other product areas benzene production dropped 1.2% to 998,800 tons.

Russian production of polymers increased by 16.4% in the first three quarters to 7.480 million tons, including an increase in polyethylene from 569,000 tons to 829,000 tons and polypropylene from 358,100 tons to 483,300 tons. Despite the rise in polymer production the production of rubber and plastic products grew by only 0.9%. Russian synthetic rubber production dropped 0.6% in the first nine months in 2020 to 1.024 million tons.

Russian chemical trade, Jan-Sep 2020

Export and import values for Russian chemical and chemical products both fell in the first three quarters in 2020, and whilst imports were also lower in volume (down by 544,310 tons) export shipments increased marginally by 467,411 tons.

Russian Aggregate Trade in Chemicals, Chemical Products, Plastics and Rubber						
Period	***Exports k tons***	***Exports $ mil***	***Av price $/ton***	***Imports k tons***	***Imports $ mil***	***Av price $/ton***
Q1-Q3 2019	39.7	18.6	467.8	12.1	33.2	2742.6
Q1-Q3 2020	40.2	16.3	404.9	11.6	30.0	2595.8

Despite aggregate falls in inorganic and organic chemical exports, Russian shipments of bulk plastics increased from 1.534 million tons in January to September 2019 to 2.384 million tons in the same period in 2020. The significant rise in exports of bulk plastics this year has been attributable to ZapSibNeftekhim and the huge rise in polyethylene shipments. Imports of plastics did decline slightly in the first three quarters in 2020 but still remain higher than exports.

Russian Aggregate Trade in Plastics						
Period	***Exports ktons***	***Exports $ mil***	***Av price $/ton***	***Imports ktons***	***Imports $ mil***	***Av price $/ton***
Q1-Q3 2019	1.534	2.210	1.441	2.954	7.190	2.434
Q1-Q3 2020	2.384	2.670	1.120	2.807	6.610	2.355

In other areas of trade pharmaceutical exports increased from Russia in January to September 2020 together with a concomitant fall in imports, but the country still remains in heavy deficit for pharmaceutical products. The major challenge for Russia is to procure enough active ingredients for pharmaceutical manufacture. Russia is striving to reduce dependence on the Chinese factor but at the same cannot close the market for trade. Russia's dependency on imported reagents, antibiotics, fine chemicals, high-value organic intermediates and speciality polymers is seen largely the result of a lack of investment into product diversification. Petrochemical producing cities such as Kazan, Nizhnekamsk, Tobolsk, etc, offer the potential to establish new pharmaceutical plants with diversified product ranges, including active pharmaceutical ingredients. In theory there are no obstacles to the production of intermediates, but the main cause of shortfalls is the lack of investment.

Russian petrochemical projects & company performance

Nizhnekamsk equipment delivery for EP-600 ktpa plant

Nizhnekamskneftekhim received this year's last sea and river deliveries at the end of the October for equipment for the EP-600 cracker. Equipment and other devices arrived from Italy and Romania to the Nizhnekamsk cargo port. A total of 264 pieces of equipment were scheduled to be delivered by navigation in 2020. The next sea and river deliveries will not be possible until April 2021 and in the meantime any equipment for the project will need to arrive by road.

Nizhnekamskneftekhim-New EP-600 Plant	
Product	***Capacity (unit-ktpa)***
Naphtha processing	1798.5
Ethylene	600.0
Propylene	272.8
Benzene	245.6
Butadiene	88.0

The launch of the EP-600 complex is scheduled for 2023, and in addition to ethylene includes capacities for propylene (272,800 tpa), benzene (245,600 tpa) and butadiene (88,000 tpa).

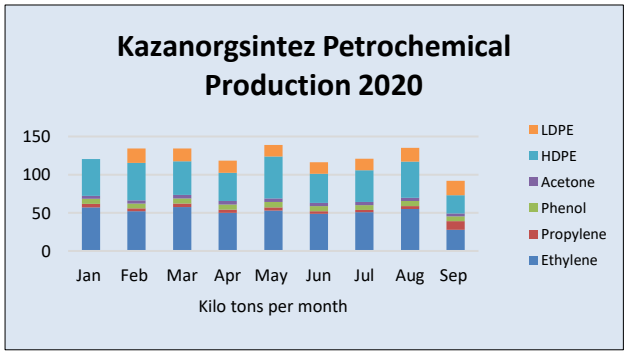
During the peak period of construction of the cracker and other installation work, around 6,000 workers will be mobilised at the site coming under the management of the construction contractor Gemont from Turkey. In addition to equipment for the EP-600 Nizhnekamskneftekhim has also been preparing conditions for start-up of a new gas turbine CCGT-TPP.

Nizhnekamskneftekhim Production (unit-tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Ethylene	470.2	432.8
Propylene	225.8	230.5
Benzene	216.7	204.4
LLDPE	170.0	164.2
Polypropylene	129.0	143.3
Styrene	228.9	231.8

The new power plant will provide a full-scale solid energy base for the new production facilities under construction. Natural gas, together with synthetic gas from the ethylene plant. will provide the fuel for the CCGT-TPP power facility. To ensure its full operation, a new gas pipeline was recently put into operation, whilst synthetic gas from the ethylene plant will remove some environmental issues.

Nizhnekamskneftekhim Jan-Sep 2020

In January-September 2020, Nizhnekamskneftekhim reduced revenues by 22.9% to 102.4 billion roubles against 133.9 billion roubles in the same period in 2019. The company recorded a net loss of 2.3 billion roubles against a net profit of 20.4 billion roubles in January to September 2019. Financial performance of Nizhnekamskneftekhim was affected by the impact of fluctuating feedstock prices on product margins.



Whilst polyolefin and chemical sales were stable by volume Nizhnekamskneftekhim reduced sales of rubbers by 18% in the first three quarters. One reason was the decline in global consumption and production associated with restrictions due to coronavirus, whilst another was due to the structural changes to demand in the local market in Tatarstan. Nizhnekamskneftekhim expects that in the fourth quarter that production and sale of rubbers will recover to the level of January-February 2020.

Kazanorgsintez Jan-Sep 2020

Kazanorgsintez reduced revenues by 19.5% in the first three quarters this year to 46.8 billion roubles. Net profit dropped from 11.7 billion roubles in January to September 2019 to 6.5 billion roubles. Production volumes remained fairly stable through the main lockdown period, but then fell in the third quarter due to a number of scheduled plant shutdowns. Sales increased by Kazanorgsintez in the third quarter in response to increased activity following the falls in the second quarter, whilst new demand outlets were created from products associated with personal protection against COVID-19. In particular,

polycarbonate sales in the domestic market increased for Kazanorgsintez by 21% in the first three quarters compared to 2019.

This year Kazanorgsintez has improved the efficiency of the ethylene plant by increasing the production of ethylene and increasing the quantitative indicators of steam produced. Kazanorgsintez is currently trying to overturn an injunction imposed by Rostekhnadzor against the usage of new pyrolysis units which were installed in 2018.

Four pyrolysis furnaces supplied by Technip Benelux were intended to replace ten obsolete furnaces. The furnace yield from the new type of furnace gives 72 tons of ethylene per hour compared to 66 tons in the ten old furnaces. The new furnaces allow an increase in propane fraction processing which helps to support ethane-based production where Kazanorgsintez is unable to purchase sufficient ethane.

SIBUR Q1-Q3 2020

Revenues for the SIBUR Holding for the first three quarters dropped 7% in 2020 against the same period last year to 369 billion roubles, although the third quarter did record an increase of 4% against the same period in 2019 to 134 billion roubles. Despite the pandemic, sales this year have been boosted by the production of olefins and polyolefins from the ZapSibNeftekhim complex which achieved 85% utilisation in the third quarter. ZapSibNeftekhim's production and sales were also a main factor behind the increase in EBITDA in the third quarter by 20% against the same quarter in 2019 and 32% over the second quarter this year. SIBUR's EBITDA margin for the third quarter amounted to 36%.

SIBUR's revenue increase from olefins and polyolefin sales			
Q1-Q3 20	***Q1-Q3 19***	***Q1-Q3 19***	***Q1-Q3 19***
$ billion	% of turnover	$ billion	% of turnover
1.704	35.0%	1.027	19.7%

Amur Gas Chemical Complex selects UNIPOL technology

SIBUR's project Amur Gas Chemical Complex (AGCC) has selected Unipol technology for the polyethylene plant to be incorporated into three lines with a total capacity of 1.8 million tpa. Two lines will include 600,000 tpa full-density plants for HDPE/LLDPE production and a single 600,000 tpa line focused on a broad range of both bimodal and unimodal HDPE production. From the new plants AGCC plans to capture a full-range of HDPE, LLDPE and metallocene LLDPE product opportunities, which includes both conventional large-volume products as well as specialty applications.

During the third quarter construction of Amur Gas Chemical Complex was launched near Svobodny in the Amur Oblast. The project comprises a total nameplate capacity of 2.7 million tpa of polypropylene and polyethylene.

Other developments in the past three months included the launch of the PET recycling project at the Polief plant at Blagoveshchensk. The maleic anhydride project at Tobolsk under construction has also continued to progress.

SIBUR costs and production, Q1-Q3 2020

SIBUR's feedstock and materials' costs decreased by 14.8% for the first nine months of 2020 to 76.336 billion from 89.568 billion roubles in the same period in 2019. The decrease was largely driven by lower NGL purchase costs caused by lower netbacks for crude NGL and naphtha, lower imports of PTA due to the completion of PTA expansion project and lower methanol purchases following the sale of Togliatti-based assets.

SIBUR's LPG production & sales (unit-million tons)		
	Q1-Q3 20	***Q1-Q3 19***
Production	5.510	5.643
Intercompany sales to petrochemical business	2.473	1.269
External sales	2.602	4.011
Domestic	1.181	1.351
Export	1.421	2.659

The decrease in transportation and logistics costs was mainly driven by lower LPG sales volumes due to increased LPG internal use at our ZapSibNeftekhim cracker. This factor was partially offset by higher transportation volumes of polyolefins produced at ZapSibNeftekhim and the corresponding increase in packaging costs.

The decrease of staff costs for SIBUR was mainly related to the sale of Togliatti-based assets in the fourth quarter of 2019, together with cost optimisation efforts, and COVID-19 constraints on business trips. The growth of energy and utilities expenses was largely attributable to the launch of ZapSibNeftekhim production, as well as higher electricity tariffs.

SIBUR's monomer & intermediate production (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Benzene	122.8	125.0
Styrene	146.6	138.8
PTA	181.3	85.0
Propylene	859.8	606.8
Ethylene Oxide	211.7	226.0
Butadiene	142.1	212.7
Isoprene	0.0	61.4
Isobutylene	18.0	135.2
Ethylene	1325.8	505.9

In the first nine months of 2020, SIBUR's gas processing plants (GPPs) processed 16.1 billion cubic metres of associated gas, down 4% against the same period in 2019. The decrease was due to a reduction in oil production stemming from the OPEC+ agreement and a cutback in supplies from oil companies. NGL fractionation volumes increased by 1.4% to 5.8 million tons. As a result of the increase in feedstock consumption by ZapSibNeftekhim, the volume of external LPG sales decreased by 35.1% to 2.6 million tons. Naphtha sales decreased by 13.5% to 792,800 tons.

Russian Ethylene Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Angarsk Polymer Plant	147.8	145.5
Kazanorgsintez	451.9	487.3
Stavrolen	255.5	232.8
Nizhnekamskneftekhim	470.2	463.1
Novokuibyshevsk Petrochemical	31.8	44.5
Gazprom N Salavat	282.7	241.4
SIBUR-Kstovo	279.1	304.0
SIBUR-Khimprom	42.4	40.2
Tomskneftekhim	197.3	201.9
Ufaorgsintez	85.6	93.2
ZapSibNeftekhim	849.9	0.0
Total	3094.2	2253.9

Due mainly to the start-up of operations at ZapSibNeftekhim, polypropylene sales increased by 60.8% to 826,700 tons in the first three quarters, whilst sales of polyethylene increased by more than 4.5 times to 920,200 tons. Sales of BOPP films increased by 3.3% to 118,900 tons due higher demand for packaging during the pandemic. Sales of plastics and organic synthesis products decreased by 1.1% to 602,000 tons due to a drop in demand for MEG during the pandemic. Sales of elastomers decreased by 18.7% to 321 thousand tons due to the sale of Togliatti-based assets in November 2019.

Russian Propylene Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Angarsk Polymer Plant	85.7	80.4
Kazanorgsintez	42.9	36.4
Lukoil-NNOS	175.0	223.4
Stavrolen	92.6	94.2
Nizhnekamskneftekhim	225.8	230.5
Novokuibyshevsk	68.0	34.0
Omsk Kaucuk	66.5	34.5
Polyom	132.4	135.2
Gazprom neftekhim Salavat	110.7	107.2
SIBUR Kstovo	122.3	131.2
SIBUR-Khimprom	38.8	44.0
Tomskneftekhim	121.0	108.1
SIBUR Tobolsk	283.1	358.3
Ufaorgsintez	131.3	140.2
ZapSibNeftekhim	275.8	0.0
Total	1972.0	1757.4

Ethylene production for SIBUR increased from 505,900 tons in the first three quarters last year to 1325,800 tons in January to September 2020. Propylene production at the three sites of Kstovo, Perm and Tobolsk increased from 606,800 tons to 859,800 tons.

Russian petrochemical markets

Russian ethylene production, Jan-Sep 2020

Russian ethylene production amounted to 3.094 million tons in the first three quarters in 2020 versus 2.254 million tons in the same period in 2019. ZapSibNeftekhim produced 849,900 tons of ethylene in the first three quarters from the new plant at Tobolsk.

In September, ethylene prices dropped in Russia, dropping particularly on the pipeline system connecting the enterprises of Bashkortostan and Tatarstan where numbers dropped by 6% to 43,700-43,900 roubles per ton. Those prices have since consolidated in October and November.

Over the past two months ethylene availability has been tighter on the Volga-Urals pipeline that runs through Tatarstan and Bashkortostan. In September, Ufaorgsintez did not supply ethylene through the pipe due to repair work at the pyrolysis units. In addition, repairs began at Nizhnekamskneftekhim, which also affected

the volume of pipeline supplies of the product. The largest buyer of ethylene, Kazanorgsintez also began repair work at the end of September on the pyrolysis and polyethylene production units.

Russian Propylene Exports (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Lukoil-NNOS	24.9	37.3
SIBUR-Kstovo	3.4	6.1
Angarsk Polymer Plant	4.4	0.0
Stavrolen	12.3	12.1
Total	45.0	55.5

Russian propylene production, sales & exports, Jan-Sep 2020

Russian propylene production amounted to 1.972 million tons in the first three quarters up from 1.757 million tons in the same period in 2019. The rise was due largely to the addition of ZapSibNeftekhim which produced 275,800 tons in January to September 2020.

SIBUR's Tobolsk plant also reduced production from 358,300 tons to 283,100 tons, whilst Nizhnekamskneftekhim produced 225,800 tons against 230,500 tons and Lukoil-NNOS produced 175,000 tons against 223,400 tons.

Russian Propylene Domestic Sales (unit-kilo tons)		
Company	***Jan-Sep 20***	***Jan-Sep 19***
Angarsk Polymer Plant	44.7	56.6
SIBUR-Kstovo	108.5	113.9
Lukoil-NNOS	130.7	175.1
Others	16.4	9.2
Total	304.9	355.9

Russian propylene exports amounted to 45.000 tons in the first three quarters in 2020 against 55,500 tons in the same period in 2020. Exports were divided between the plants in the Nizhny Novgorod region, including Lukoil-NNOS and SIBUR-Kstovo, in addition to Stavrolen.

The main destinations for Russian propylene exports included Poland and Belarus, although since the second half of 2019 Russian volumes to Poland declined due to competition from Karpatneftekhim in Ukraine.

Major Russian Propylene Purchasers (unit-kilo tons)		
Consumer	***Jan-Sep 20***	***Jan-Sep 19***
Saratovorgsintez	114.5	134.7
Volzhskiy Orgsintez	8.1	6.8
Akrilat	9.9	6.9
SIBUR-Khimprom	44.6	45.4
Omsk-Kaucuk	15.9	25.7
Tomskneftekhim	9.2	4.2
SIBUR Tobolsk	69.3	96.0
Moscow Refinery	13.4	13.8
Ufaorgsintez	9.1	4.1
Khimprom Kemerovo	2.4	2.6
Plant of Synthetic Alcohol	13.5	6.8
Others	7.3	4.5
Total	317.7	352.1

In October, a decrease in supply volumes was noted on the Russian propylene market, which was due mainly to the scheduled shutdown by Lukoil-NNOS at Kstovo on one of its catalytic cracking units. The installation was expected to resume production by the end of November.

Russian sales of propylene on the domestic merchant market amounted to 304,900 tons in the first three quarters in 2020 against 355,900 tons in the same period last year. A total of 69,300 tons of propylene were shipped to the Tobolsk plant in the first three quarters in 2020 against 96,000 tons in the same period last year.

Lukoil-NNOS at Kstovo shipped 130,700 tons to the domestic market against 175,100 tons in the first three quarters last year, whilst SIBUR-Kstovo shipped 108,500 tons to the merchant market against 113,900 tons.

Russian Styrene Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Nizhnekamskneftekhim	228.9	231.8
Angarsk Polymer Plant	25.9	27.1
SIBUR-Khimprom	111.9	102.2
Gazprom n Salavat	143.9	144.5
Plastik, Uzlovaya	34.3	38.1
Total	544.9	543.7

The largest merchant consumer of propylene in Russia Saratovorgsintez at Saratov purchased 114,500 tons in the first three quarters in 2020 against 134,700 tons in the same period in 2019. SIBUR Tobolsk reduced purchases of merchant monomer from 96,000 tons in 2019 to 69,300 tons in the same period this year whilst SIBUR-Khimprom reduced purchases from 45,400 tons to 44,600 tons.

Russian styrene production & sales, Jan-Sep 2020

Styrene exports from Russia totalled 23,400 tons in the first three quarters in 2020 against 35,500 tons in the same period last year. Gazprom neftekhim Salavat reduced exports from 68,700 tons to 60,300 tons, whilst Angarsk Polymer Plant shipped 5,200 tons in the first three quarters this year against 5,200 tons.

Russian Styrene Exports (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Angarsk Polymer Plant	5.2	6.8
Plastik Uzlovaya	0.0	0.2
Gazprom n Salavat	60.3	68.7
Nizhnekamskneftekhim	0.4	4.6
SIBUR-Khimprom	5.6	1.2
Total	71.6	81.5

The main destination for styrene exported from Salavat is Finland taking 63% of shipments in the first three quarters, followed by Turkey with 20% and Norway 5%.

Styrene sales on the Russian domestic merchant market totalled 87,300 tons in January to September 2020 against 82,800 tons in the same period in 2019. Gazprom neftekhim Salavat increased shipments from 32,100 tons to 46,900 tons and SIBUR-Khimprom reduced shipments from 32,200 tons to 28,300 tons.

Bulk Polymers

Russian HDPE production Jan-Sep 2020

Russian HDPE production totalled 1.366 million tons in the first three quarters in 2020 against 692,700 tons in the same period in 2019. The main factor behind the increase in production was attributable to the entrance of ZapSibNeftekhim to the market which produced a total of 650,000 tons in January to September 2020. ZapSibNeftekhim increased its production of HDPE to 95,700 tons in September from 86,300 tons in August. The second largest producer Kazanorgsintez reduced production in September to 23,600 tons against 47,600 tons in August due to planned maintenance.

Russian HDPE Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Kazanorgsintez	383.8	401.5
Stavrolen	238.9	214.2
Gazprom n Salavat	92.9	77.0
ZapSibNeftekhim	650.0	0.0
Total	1365.6	692.7

Kazanorgsintez produced 383,700 tons of HDPE in the first nine months in 2020, 4% down on last year. At Budyennovsk Stavrolen produced 25,300 tons in August and 26,900 tons in September which brought the total for the first nine months to 238,900 tons. The 12% increase over 2019 was largely due to a scheduled outage this year.

HDPE production at Gazprom neftekhim Salavat increased in September to 10,100 tons against 9,700 tons a month earlier. For the first nine months of this year, the company's total of HDPE production increased to 92,800 tons against 77,000 tons. The increase in polyethylene production at Salavat was also ensured by the absence of a shutdown for repairs in 2020.

Russian polyethylene production and trade, Jan-Sep 2020

Russian polyethylene production rose 63% in the first nine months in 2020 to 2,204.2 million tons against 1.349 million tons in 2019. The effects of this increase were reflected in export activity which increased to 756,000 tons in the first three quarters versus 273,000 tons in January to September 2019. At the same time imports dropped 15% to 475,100 tons against 562,100 tons last years.

Russian Polyethylene Exports 2019-2020		
Period	***Kilo tons***	***Value ($ million)***
Q1 19	84	95
Q2 19	94	102
Q3 19	95	99
Q4 19	75	77
Q1 20	108	98.5
Q2 20	219	162
Q3 20	429	323

In financial terms, revenues from polyethylene exports amounted to $323 million in the third quarter against $99 million in the same period in 2019. HDPE imports into Russia dropped 27% in January to September to 202,500 tons, LLDPE dropped 13% to 118,300 tons whilst LDPE increased 8% to 83,300 tons. Imports of other grades of polyethylene totalled 71,100 tons against 70,600 tons in January to September 2019.

Kazanorgsintez polymer sales Jan-Sep 2020

Sales revenues from LDPE shipments for Kazanorgsintez declined from 11.609 billion roubles in the first three quarters in 2019 to 9.391 billion roubles in the same period this year. Revenue from LDPE sales for the first nine months in 2020 decreased by 19.1% due to falling prices and lower volumes.

HDPE sales revenues from export and domestic shipments for the company fell from 31.772 billion roubles in January to September 2020 to 22.627 billion roubles. As with LDPE, HDPE revenues fell due to falling prices and decreasing volumes. Revenue from HDPE sales decreased by 28.8%for nine months in 2020 compared to 2019. HDPE sales accounted for 54.6% of total polymer revenues for Kazanorgsintez in the first three quarters last year, but this share dropped to 48.3% in January to September 2019.

SIBUR Polyolefins (unit-kilo tons)		
Production	***Jan-Sep 20***	***Jan-Sep 19***
Polyethylene	1049.9	193.6
Polypropylene	795.8	542.1
Purchases from third parties	114.9	118.1
Total	1960.6	853.8
Total Sales	***Jan-Sep 20***	***Jan-Sep 19***
Polyethylene	920.2	196.4
Polypropylene	826.7	514.2
Total	1746.9	710.6
Domestic Sales	***Jan-Sep 20***	***Jan-Sep 19***
Polyethylene	294.4	124.9
Polypropylene	393.5	329.9
Total	687.9	454.8
Export Sales	***Jan-Sep 20***	***Jan-Sep 19***
Polyethylene	625.8	71.5
Polypropylene	433.2	184.3
Total	1059.0	255.8

Polycarbonate sales for Kazanorgsintez showed a different trend to polyethylene sales with revenues rising from 6.284 billion roubles in January to September 2019 to 7.706 billion roubles in the same period this year, or 22.6% higher. This meant that the share of polycarbonate in polymer sales made by Kazanorgsintez increased from 10.8% in the first three quarters last year to 16.4% in January to September 2020.

SIBUR polyolefins, Jan-Sep 2020

Due to production at ZapSibNeftekhim, SIBUR's polypropylene sales increased in the first three quarters by 60.8% to 826,700 tons whilst sales of polyethylene increased by more than 4.5 times to 920,200 tons. Sales of BOPP films increased by 3.3% to 118,900 tons after experiencing higher demand for packaging during the pandemic.

SIBUR increased exports of polyethylene almost nine-fold in the first three quarters this year, rising from 71,500 tons to a total of 625,800 tons. This accounted for around 80% of Russian exports. Regarding the domestic market, SIBUR's sales of polyethylene increased from 124,900 tons in January to September 2019 to 294,400 tons in the same period this year whilst polypropylene sales increased from 329,900 tons to 393,500 tons.

Russian Polypropylene Exports		
Period	***Ktons***	***$million***
Q1 19	47.4	63
Q2 19	68.8	87
Q3 19	92.7	105
Q4 19	110	114
Q1 20	143	141
Q2 20	171	150
Q3 20	211	182

Russian polypropylene trade Jan-Sep 2020

Russian polypropylene exports rose from 209,000 tons in the first three quarters in 2019 to 525,000 tons in the same period in 2020. Revenues from polypropylene exports jumped from $255 million to $473 million. The substantial increase in exports this year has been due to the start-up of ZapSibNeftekhim at Tobolsk. The polypropylene unit at ZapSibNeftekhim was put into operation earlier than the polyethylene plant and has capacity of 500,000 tpa. Despite the sharp rise in domestic production polypropylene imports into the Russian market still rose from 168,200 tons to 192,300 tons in the first three quarters this year.

Russian PVC Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Bashkir Soda	197.6	192.4
Kaustik	57.8	57.9
RusVinyl	246.5	257.1
Sayanskkhimplast	216.6	213.2
Total	718.5	720.6

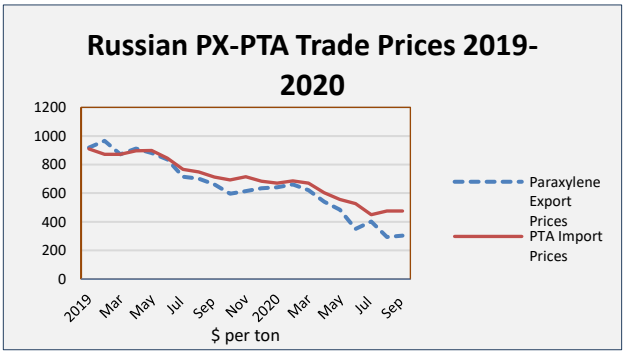
Russian PVC production & trade, Jan-Sep 2020

Russian production of PVC amounted to 718,500 tons in January-September 2020, which was slightly down on the comparative yearly period at 720,600 tons. RusVinyl produced 246,500 tons against 257,100 tons in the same period in 2019 whilst Sayanskkhimplast produced 216,600 tons against

213,200 tons. The Bashkir Soda Company produced reached 197,600 tons, which is 3% more than a year earlier and Kaustik at Volgograd produced 57,800 tons against 57,900 tons. PVC exports from Russia amounted to 151,100 tons in the first three quarters against 148,700 tons, whilst imports of PVC into Russia dropped 16% in January to September 2020 to 36,300 tons against 43,000 tons.

Paraxylene-PTA-PET

Russian Paraxylene Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Gazprom Neft	73.9	57.5
Ufaneftekhim	91.9	84.0
Kirishinefteorgsintez	42.1	43.0
Total	207.4	184.5



Russian paraxylene production Jan-Sep 2020

Paraxylene production in Russia totalled 207,400 tons in the first three quarters in 2020 against 184,500 tons in the same period in 2019. Ufaneftekhim was the largest producer, recording 91,900 tons versus 84,000 tons in the same period last year.

Paraxylene exports totalled 125,400 tons, down slightly from 132,100 tons Average prices for the first three quarters comprised $538 per ton against $829 for the whole of 2019. In the first three quarters this year paraxylene exports were distributed to Finland (86.1%), the Netherlands (3.9%) and Belarus (10%).

SIBUR's PTA & PET Production (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Paraxylene Purchases	101.6	66.5
PTA Production	181.3	85.0
PTA Domestic Sales	6.8	3.2
PTA Exports	0.0	0.2
PET Production	199.1	200.3
PET Domestic Sales	195.0	200.1
PET Exports	4.9	3.4

Russian PTA production, Jan-Sep 2020

PTA production at the Polief plant totalled 181,342 tons in the first three quarters against 85,000 tons in the same period last year. PET production at SIBUR's combined sites of Blagoveshchensk in Bashkortostan and Tver amounted to 199,100 tons against 200,300 tons. Most of the PTA produced by Polief was consumed internally in 2020, with only 6,800 tons sold on the merchant market between January to September.

Russian PTA Imports by Country (unit-kilo tons)		
Country	***Jan-Sep 20***	***Jan-Sep 19***
Belgium	8.0	18.0
India	0.0	1.0
China	190.9	210.1
South Korea	7.0	54.0
Turkey	0.0	2.5
Thailand	0.0	3.0
Others	1.9	0.6
Total	210.8	292.2

Paraxylene purchases made by SIBUR amounted to 101,600 tons in the first three quarters against 66,500 tons in the same period in 2019. In addition to increased purchases this year SIBUR was able to use inventory built up during the fourth quarter in 2019. PTA capacity at Polief was increased last year by 78,000 tpa to a total of 350,000 tpa. The modernisation and expansion at Blagoveshchensk started on 6 February 2019 and the process was completed in June 2019.

Russian PTA Imports by Region (unit-kilo tons)		
Location	***Jan-Sep 20***	***Jan-Sep 19***
Kaliningrad	139.2	182.0
Moscow	65.8	42.9
Tver	0.0	8.1
Tyumen	2.5	16.5
Others	5.9	42.6
Total	210.8	292.2

Russian PTA imports, Jan-Sep 2020

PTA imports into Russia totalled 210,800 tons in the first three quarters of 2020 against 292,200 tons in January to September 2019. China reduced shipments to Russia to 190,900 tons in January to September 2020 against 210,100 tons whilst South Korea reduced deliveries from 54,000 tons to 7,000 tons. Imports into Kaliningrad totalled 139,200 tons in the first three quarters against 182,000 tons in the same period in 2019. Ekopet also imports MEG into the Kaliningrad plant. The other major importer this

year has been the Senezh plant in the Moscow region. Average monthly prices for Russian PTA imports dropped to $515 per ton in 2020 against $836 per ton in the same nine months in 2019.

Aromatics

Russian Benzene Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Angarsk Polymer Plant	59.6	56.6
Gazprom Neft	77.9	54.1
LUKoil-Neftekhim	24.4	32.7
LUKoil-Permnefteorgsintez	35.7	40.3
Magnitogorsk MK	31.5	38.4
Nizhnekamskneftekhim	216.7	204.4
Novolipetsk MK	0.7	4.7
Gazprom n Salavat	148.3	133.6
Severstal	26.2	30.2
SIBUR-Holding	52.3	60.9
Slavneft-Yaroslavlorgsintez	49.7	43.7
Surgutneftegaz	47.7	57.0
Ryazan RN Holding	25.0	27.0
Ufaneftekhim	65.9	52.9
Ural Steel	7.5	7.8
Uralorgsintez	63.5	64.3
Zapsib	46.4	56.5
Novokuibyshevsk Petrochemical	11.9	17.4
Total	991.0	982.3

Russian Benzene Exports (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Chelyabinsk MK	1.8	0.7
Gazprom Neft	0.0	1.4
Gazprom neftekhim Salavat	3.5	0.0
Koks	3.5	0.7
Magnitogorsk MK	0.0	5.0
Moskoks	1.4	9.7
Nizhniy Tagil	0.8	6.7
Novolipetsk MK	15.5	3.4
Kirishinefteorgsintez	40.1	10.0
SIBUR-Kstovo	0.0	19.5
Slavneft	0.5	2.0
Severstal	2.9	0.0
Stavrolen	0.0	1.4
Ufaneftekhim	1.9	0.0
Uralorgsintez	0.8	1.1
Ural Steel	4.4	0.6
Total	77.1	62.1

Russian benzene production-sales, Jan-Sep 2020

Russian benzene production rose in the first three quarters to 991,000 tons against 982,300 tons in the same period in 2019. Nizhnekamskneftekhim increased production from 204,400 tons to 216,700 tons, whilst Gazprom neftekhim Salavat increased production from 133,600 tons to 148,300 tons.

Rosneft's three benzene plants at Angarsk, Novokuibyshevsk and Ryazan produced a combined total of 95,500 tons against 101,100 tons in January to September 2019, whilst Gazprom Neft at Omsk increased benzene production from 54,100 tons to 77,300 tons.

Russian benzene exports and sales, Jan-Sep 2020

Exports of Russian benzene totalled 77,100 tons in the first three quarters in 2020 against 62,100 tons in the same period in 2019.

Gazprom neftekhim Salavat and Rosneft both resumed shipments of benzene in March to Liepaja in Latvia after a long break. As a result, exports through Liepaja totalled 53,100 tons in the first three quarters this year against only 11,100 tons in January to September 2019.

Most of the coal-based benzene is shipped to the Netherlands with volumes totalling 60,500 tons in the first three quarters against 58,600 tons last year.

Imports of benzene to the Russian market increased sharply in September 2020 due to the lack of a locally produced product. According to railway forwarders, 9,300 tons of benzene were delivered to the market in September against 2,300 tons in August. The number of benzene suppliers increased from two to four in September. The Mozyr refinery in Belarus resumed shipments to Russia, after a pause of six months began deliveries of Karpatneftekhim. For the first time Kazanorgsintez was forced to import benzene from Belarus for the production of Bisphenol A.

Severstal undertook maintenance at its benzene unit in October. At the end of September, the first shipments of benzene were shipped from the Kirishinefteorgsintez plant to Kuibyshevazot.

Regarding domestic sales for the first three quarters Kuibyshevazot reduced purchases from 133,400 tons in January to September 2019 to 120,800 tons whilst Azot at Kemerovo reduced purchases from 91,300 tons to 79,300 tons and Shchekinoazot increased shipments from 48,700 tons to 59,500 tons. SIBUR-Khimprom purchased 80,500 tons against 70,500 tons

whilst Uralorgsintez reduced purchases from 57,800 tons to 56,900 tons. Kazanorgsintez increased purchases from 48,600 tons to 51,500 tons.

The largest suppliers to the domestic market in the first three quarters in 2020 included SIBUR-Kstovo which shipped 58,700 tons against 53,900 tons and Gazprom Neft which shipped 52,300 tons against 56,700 tons. For the full list of sales and purchases for the first three quarters please check on the online database or contact us directly.

Russian Caprolactam Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Kuibyshevazot	140.8	157.5
Shchekinoazot	44.4	45.4
SDS Azot	83.9	80.7
Total	269.1	283.6

Russian caprolactam production, Jan-Sep 2020

The three Russian caprolactam producers remain the largest domestic merchant consumers of benzene, followed by styrene and phenol producers. Russian caprolactam production amounted to 269,100 tons in January to September 2020 against 283,600 tons in the same period in 2019. Kuibyshevazot reduced production from 157,500 tons to 140,800 tons whilst SDS Azot at Kemerovo produced 83,900 tons from 80,700 tons. Production facilities for caprolactam and cyclohexanone at Shchekinoazot have been modernised this year which should lead to higher volumes in 2021.

Russian Orthoxylene Domestic Sales (unit-kilo tons)		
Company	***Jan-Sep 20***	***Jan-Sep 19***
Gazprom Neft	64.6	73.3
Ufaneftekhim	45.9	20.8
Kinef, Kirishi	13.6	9.0
Total	124.0	103.2

Russian orthoxylene & toluene market, Jan-Sep 2020

Orthoxylene sales on the Russian domestic market rose in the first three quarters to 124,000 tons against 103,200 tons, due partly to increased usage in fuels. Kamteks-Khimprom remains the largest buyer in Russia, purchasing 48,200 tons in January to September 2020 against 58,200 tons in the same period in 2019. Gazprom neftekhim Salavat reduced purchases from 8,700 tons to 8,100 tons whilst other buyers were much smaller, taking volumes of several hundred tons. Demand for phthalic anhydride in Russia has been lower this year due to the effects of the lockdown policy and economic slowdown.

Russian Toluene Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Kinef	21.2	26.3
Gazprom N Salavat	14.1	17.4
Slavneft-Yanos	32.3	29.4
LUKoil-Perm	21.6	21.6
Gazprom Neft	64.3	64.3
RN Holding	33.0	31.5
Ufaneftekhim	36.1	33.4
Others	10.5	11.4
Total	233.0	235.2

Toluene production totalled 233,000 tons in the first three quarters this year against 235,200 tons in the same period in 2019, whilst toluene sales on the Russian domestic market totalled rose to 104,900 tons against 88,300 tons in the same period last year. The largest supplier to the domestic market was Gazprom Neft at the Omsk refinery which shipped 40,100 tons against 34,300 tons in the previous year.

Kirishinefteorgsintez shipped 18,100 tons of toluene to the domestic market against 20,900 tons in the first three quarters in 2019. Consumers are fairly widely dispersed both geographically and on average are small in volume.

Russian Phenol Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Ufaorgsintez	44.6	57.1
Kazanorgsintez	60.0	52.1
Novokuibyshevsk Petrochemical	51.4	55.6
Omsk Kaucuk	26.3	0.0
Total	182.4	164.9

Russian Phenol Exports (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Omsk Kaucuk	5.8	0.0
Kazanorgsintez	0.0	3.1
Ufaorgsintez	20.3	7.4
NNK	1.8	3.2
Total	27.9	13.7

Russian phenol market, Jan-Sep 2020

Russian phenol production rose in the first three quarters to 182,400 tons from 164,900 tons in the same period in 2019. Novokuibyshevsk Petrochemical reduced production from 55,600 tons to 51,400 tons whilst Ufaorgsintez reduced production from 57,100 tons to 44,600 tons. Kazanorgsintez produced 52,100 tons versus 60,000 tons. The significant difference came from Omsk Kaucuk which produced 26,300 tons in the first three quarters. Phenol exports rose in the first three quarters to 27,900 tons in 2020 against

13,700 tons in the same period last year. The major exporter was Ufaorgsintez which shipped 20,300 tons versus 7,400 tons, followed by Omsk Kaucuk which exported 5,800 tons. Major destinations included Poland, Belarus and Turkey.

Russian Market Phenol Sales by Supplier (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Omsk Kaucuk	18.8	0.0
Novokuibyshevsk Petrochemical	42.0	42.7
Kazanorgsintez	0.1	2.8
Ufaorgsintez	25.6	51.3
Total	86.6	96.8

Sales of phenol on the Russian domestic market amounted to 86,600 tons in the first three quarters in 2020 against 96,800 tons in the same period in 2019. The two largest suppliers were Novokuibyshevsk Petrochemical and Ufaorgsintez, shipping 42,000 tons and dropping from 42,700 tons respectively.

Kuibyshevazot Jan-Sep 2020

Kuibyshevazot reduced sales of commercial products by 15% in the first three quarters of 2020 to 34.6 billion roubles, whilst the net profit dropped by 60% to 1.44 billion roubles. The decrease was due to unfavourable conditions on world markets, as well as a drop in demand for caprolactam and polyamide. Production of caprolactam at the company's facilities decreased by more than 10% to 140,800 tons and polyamide by 9.6% to 100,300 tons.

Kuibyshevazot-Production (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Polyamide-6	100.3	111.0
Tyre Cord Fabric	3.0	3.5
Caprolactam	140.8	156.8
Ammonia	778.1	800.1
Urea	246.5	273.6
Ammonium Nitrate	553.8	491.1
Ammonium Sulphate	345.0	391.5

About 3,000 tons of polyamide yarns were produced which was 19.3% down. Ammonium nitrate production rose 12.8% to 553,800 tons whilst urea production decreased by almost 10% to 246,500 tons, ammonium sulphate by 12% to 345,000 tons. In September this year, the production of polymer-composite materials (compounds) based on polyamide-6 began at the STFG enterprise in Rudolstadt in Germany, which is part of the Kuibyshevazot group of companies.

Synthetic rubber

Russian C4 Supplies (unit-kilo tons)		
Supplier	***Jan-Sep 20***	***Jan-Sep 19***
Angarsk Polymer	17.9	12.4
Kazanorgsintez	31.9	31.1
Stavrolen	51.7	43.6
SIBUR-Kstovo	65.1	66.7
Gazprom neftekhim Salavat	32.1	27.8
Tomskneftekhim	60.0	57.4
Ufaorgsintez	22.2	21.8
Naftan (Belarus)	8.0	22.6
Azerkhimya	17.2	31.3
Others	0.4	2.9
Total	308.0	317.7

Russian C4 Purchases (unit-kilo tons)		
Consumer	***Jan-Sep 20***	***Jan-Sep 19***
Omsk Kaucuk	70.6	40.0
Nizhnekamskneftekhim	67.8	143.2
Togliattikaucuk	158.4	134.5
Others	11.3	0.0
Total	308.0	317.7

Russian C4s, Jan-Sep 2020

C4 rail shipments to the Russian market amounted to 308,000 tons in the first three quarters to synthetic rubber producers against 317,700 tons in the same period in 2019. C4 imports to the Russian market dropped from 53,900 tons to 25,200 tons.

For the first nine months in 2020, Nizhnekamskneftekhim reduced purchases of C4s to 67,800 tons against 143,200 tons in the same period last year. At the same time Togliattikaucuk increased C4 purchases from 134,500 tons to 158,400 tons due to an increase in production. The rise took place following Tatneft's acquisition of Togliattikaucuk, which enabled the company to provide the Nizhnekamskshina tyre plant in Tatarstan with its own raw materials.

Omsk Kaucuk increased C4 purchases from 40,000 tons in the first three quarters last year to 158,400 tons in January to September 2020. The start-up of the modernised phenol and acetone plant at Omsk Kaucuk helped to facilitate an increase the production of SCMS rubbers. Higher production volumes enabled Omsk Kaucuk to increase rubber exports nearly three-fold in the first three quarters in 2020.

Russian rubber production-market balance Q1-Q3 2020

Russian synthetic rubber production amounted to 1.101 million tons in the first three quarters this year against 1.129 million tons in January to September 2019. Exports amounted to 685,400 tons against 753,300 tons whilst imports dropped from 167,900 tons to 147,100 tons. Overall domestic consumption amounted to 562,800 tons in the first nine months against 543,600 tons in the same period last year.

Russian Tyre Production (unit-mail pieces)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Car Tyres	25.9	33.0
Lorry tyres	5.1	4.7
Agricultural tyres	1.2	1.1
Total	32.2	38.7
Russian Tyre Production (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Car Tyres	205.6	261.6
Lorry tyres	40.6	37.0
Agricultural tyres	9.6	8.5
Total	255.8	307.1

Tyre production in the first three quarters amounted to 32.7 million pieces against 38.2 million pieces in the same period in 2019. Increased production in the first three quarters this year was attributable to higher utilisation rates at the Kama Tyres plant in Tatarstan following Tatneft's acquisition of Togliattikaucuk from SIBUR in 2019.

Tyre production has subsequently slowed as the year has progressed due to slower sales. In the first nine months this year the production of car tyres decreased by 19.4% against the same period in 2019. At the same time tyres and pneumatic tyres for buses, trolleybuses and trucks increased by 8.3% compared to the same period in 2019. In the agricultural sector tyre production in the first nine months increased by 13.5%.

Russian Synthetic & Natural Rubber Market (unit-kilo tons)		
	Jan-Sep 20	***Jan-Sep 19***
Production	1101.1	1129.0
Exports	685.4	753.3
Imports	147.1	167.9
Supply/Demand Balance	562.8	543.6

Although the tyre sector has performed relatively well in 2020 taking into account the major stoppages in April and May, car tyre manufacturers suggest that it may take two to three years before the market can recover to 2019 levels.

Despite the negative outlook for the tyre sector Russian synthetic rubber producers continue to invest in new capacity. Nizhnekamskneftekhim is close to start-up of its new project for styrene-divinyl synthetic rubber (DSSK), whilst is hoping to expand its capacity for ethylene-propylene synthetic rubber. Voronezhsintezkaucuk launched a new brand of high-viscosity polybutadiene rubber (SKD-ND VV) at the beginning of the year, and continues to invest in other grades, whilst Ufaorgsintez has also launched production of six new EPDM brands.

Russian Synthetic Rubber Exports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
E-SBR	21.1	30.4
Block	42.7	28.5
SSBR	4.9	10.5
SBR	93.7	56.5
Polybutadiene	160.4	176.8
Butyl rubber	92.8	98.2
Halogenated butyl	86.6	103.7
NBR	23.6	26.1
Isoprene	148.0	202.7
Others	11.5	20.6
Total	685.4	754.0

Russian synthetic rubber exports, Jan-Sep 2020

Russian exports of synthetic rubber amounted to 685,400 tons in the first three quarters in 2020 against 754,000 tons in the same period last year. Revenues from exports dropped from $1.210 billion to $863.5 million. Regarding shipment destinations China represented the largest market for Russian exporters in the first three quarters accounting for 20.3% of sales. This was followed by India with 10.8% and Poland with 9.4%. Destination data is available online at www.cirec.net

The highest value product category exported from Russia is halogenated butyl rubber (HBR) where exports totalled 86,600 tons in January to September 2020 at a total value of $170 million. The largest product in terms of volume was polybutadiene which dropped from 176,800 tons to 160,400 tons followed by isoprene which dropped from 202,700 tons to 148,000 tons. The fall in isoprene rubber exports was due to the increase in domestic consumption. More detail of volumes and revenues for rubber categories are available on the CIREC website or by contacting us at support@cirec.net.

SIBUR rubber markets Q1-Q3 2020

SIBUR's synthetic rubber production dropped in the first three quarters to 311,200 tons from 361,800 tons in the same period last year. The effects of the sale of the Togliatti assets resulted in commodity rubber, principally isoprene, production fell from 236,800 tons in January to September 2019 to 131,500 tons in the first three quarters this year. Speciality rubber production dropped from 83,200 tons to 28,100 tons.

SIBUR-Synthetic Rubber Production (unit-kilo tons)		
	Jan-Sep 20	***Jan-Sep 19***
Commodity Rubber	131.5	236.8
Speciality Rubber	28.1	83.2
Thermoplastic elastomers	77.5	61.6
3rd part purchases	74.2	0.2
Total	311.2	381.8
SIBUR-Synthetic Rubber Domestic Sales (unit-kilo tons)		
	Jan-Sep 20	***Jan-Sep 19***
Commodity Rubber	69.9	85.6
Speciality Rubber	6.5	8.7
Thermoplastic elastomers	30.5	31.5
Total	107.0	125.7
SIBUR-Synthetic Rubber Export Sales (unit-kilo tons)		
	Jan-Sep 20	***Jan-Sep 19***
Commodity Rubber	113.9	165.1
Speciality Rubber	56.9	73.7
Thermoplastic elastomers	42.3	30.3
Total	213.1	269.1

As a result of the sale of Togliatti SIBUR was required to purchase 74,200 tons of rubber from other suppliers. Sales of elastomers declined on the domestic market by 21.4% in the first three quarters to 107,000 tons.

The production of thermoplastic elastomers at Voronezh rose in the first three quarters to 77,500 tons against 61,600 tons in the same period last year. Domestic sales of TEPs dropped to 30,500 tons against 31,500 tons whilst exports rose from 29,900 tons to 42,300 tons. SIBUR is producing test batches of SBS polymers (TEPs) at the expanded production facilities at Voronezh. Construction work at the facility was completed in January 2020, raising capacity from 85,000 tpa to 135,000 tpa.

With the launch of a new production facility, Voronezhsintezkaucuk will be able to produce new brands of thermoplastic elastomers, which are in demand in the shoe industry, automotive industry, the packaging segment, as well as in the production of household products (for example, hygiene products and products that come into contact with food).

Voronezhsintezkaucuk Jan-Jun 2020

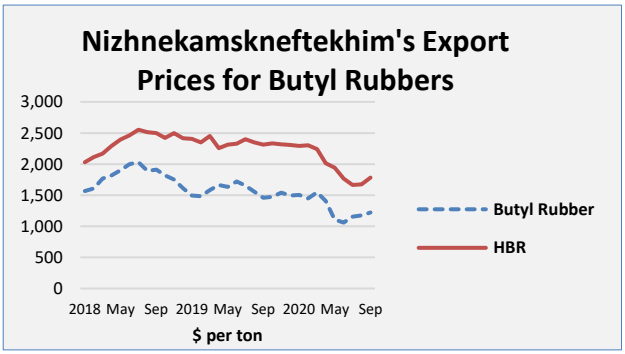
Voronezhsintezkaucuk reduced exports in the first three quarters to 98,400 tons against 120,700 tons in the same period in 2019. SBR is the largest of the rubber grades exported from Voronezh, followed by butadiene rubber. Currently the company is expanding capacity of butadiene rubber where costs have risen recently from 1.1 to 1.3 billion roubles. At the start of 2020 Voronezhsintezkaucuk launched a new brand of high-viscosity polybutadiene rubber (SKD-ND VV), adding 20,000 tpa of capacity to the 76,000 tpa already in operation.

Voronezhsintezkaucuk Exports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Polybutadiene	42.6	49.6
SBR (inc TEPS)	55.2	68.5
Others	0.6	2.7
Total	98.4	120.7

Other business for Voronezhsintezkaucuk includes a possible charge over tax avoidance connected with the construction of the first thermoelastomers unit with a capacity of 50,000 tpa. In August Voronezhsintezkaucuk purchased seven new fire-fighting tankers based on KAMAZ and one gas rescue vehicle based on Gazelle NEXT. This is part of SIBUR's corporate programme to upgrade fire and rescue equipment and to improve the industrial safety.

Nizhnekamskneftekhim to expand capacity for halogenated butyl rubber

Nizhnekamskneftekhim is planning to expand the capacity for halogenated butyl rubber (HBR) from 150,000 tpa to 200,000 tpa due mainly to its high margin attractiveness and strong demand. The start of production of halogenated butyl rubber at Nizhnekamskneftekhim took place in March 2004. The company's production of butyl rubber will remain unchanged or possibly be reduced to accommodate higher production of halogenated butyl rubber.



Prices of HBR have dropped below $2000 per ton this year between May and September but this seen as the same trend affecting most types of rubber.

In the first three quarters in 2020 Nizhnekamskneftekhim reduced synthetic rubber exports to 385,300 tons versus 436,000 tons in the same period in 2019. Export revenues dropped from $736 million to $532 million. Isoprene rubber exports amounted to 121,000 tons in the period January to September 2020 against 151,900 tons last year whilst exports of halogenated butyl rubber amounted to 86,500 tons against 103,800 tons.

Nizhnekamskneftekhim rubber exports (unit-kilo tons)		
Category	***Jan-Sep 20***	***Jan-Sep 19***
Isoprene Rubber	121.0	151.9
Butyl Rubber	56.8	50.8
HBR	86.5	103.8
Polybutadiene	111.5	129.5
Others	9.4	0.5
Total	385.3	436.0

Isoprene rubber production at Nizhnekamsk started in 1970 which was the designed to replace natural rubber, and since then production has been diversified into several high value rubber grades. Recently Nizhnekamskneftekhim started preparing for the launch of the production unit for styrene-butadiene rubber (DSSK) which is in high demand. It means that Nizhnekamskneftekhim will produce all the necessary types of rubbers for the manufacture of tyres, with the exception of natural rubber.

Togliattikaucuk, Jan-Sep 2020

Togliattikaucuk reduced synthetic rubber exports in the first three quarters to 63,000 tons against 109,000 tons in the same period in 2019. Isoprene rubber exports dropped from 24,900 tons to 2,300 tons due to increased domestic usage whilst exports of butyl rubber fell from 48,400 tons to 34,900 tons.

Togliattikaucuk Rubber Exports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Isoprene Rubber	2.3	24.9
Butyl Rubber	34.9	48.4
SBR	25.6	35.2
Others	0.2	0.5
Total	63.0	109.0

Togliattikaucuk carried out a planned overhaul of technological installations at the end of third quarter and start of fourth. This included the for butadiene-styrene rubber and MTBE followed in September and October at the plants for isobutane-isobutylene fraction and isoprene.

The butyl rubber plant, including the production of isobutane-isobutylene fraction and isobutylene, completely updated the internal devices of the reactor dehydration reactor, whilst for the butyl rubber plant has seen the heat exchanger replaced. On the isoprene monomer plant several pumps have been replaced in an effort to improve the reliability of the installation. The plan is to replace the line of transformers in the production of isoprene by the end of 2020.

Omsk Kaucuk, rubber exports Jan-Sep 2020

Omsk Kaucuk increased exports of synthetic rubber in the first three quarters to 33,000 tons against 11,900 tons in the same period in 2019. The company's share in the Russian production of general-purpose rubbers is currently around 24%. Exports are conducted through the Kombinatskaya station at Omsk where Russian Railways offers a discount if Omsk Kaucuk can ship enough volume of rubber, and other products such as MTBE and LPGs. To receive a discount on the transportation in 2020-2021 Omsk Kaucuk needs to ship at least 828,000 tons. This means that the volume of MTBE shipments by rail from the Kombinatskaya station in 2020 should be at least 215,000 tons, of which at least 77,000 tons must be exported. Also, Omsk Kaucuk will need to export at least 29,000 tons of

Omsk Kaucuk Rubber Exports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
SBR	32.9	11.4
Others	0.2	0.5
Total	33.0	11.9

synthetic rubber, 129,000 tons of propane and butane. The total volume of rail shipments of these products in the current year should be at least 387,000 tons.

Methanol

Russian methanol production Jan-Sep 2020

Russia produced 3.322 million tons of methanol in the first three quarters in 2020 against 3.295 million tons in the same period in 2019. Metafrax produced 829,800 tons against 786,000 tons whilst Sibmetakhim at Tomsk reduced production from 678,100 tons to 631,800 tons. Tomet at Togliatti increased production to 707,000 tons from 597,300 tons, whilst Shchekinoazot produced 729,900 tons against 712,600 tons.

Russian Methanol Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Shchekinoazot	729.9	712.6
Sibmetakhim	631.8	678.1
Metafrax	829.8	786.0
Akron	71.0	78.4
Azot, Novomoskovsk	148.9	193.3
Angarsk Petrochemical	40.2	32.0
Azot, Nevinnomyssk	90.1	94.6
Tomet	707.0	597.3
Ammoni	73.7	123.0
Totals	3322.3	3295.3

At the start of October, the volumes of methanol reserves in the warehouses of Russian producers dropped by almost 20% against the start of September from 91,400 tons to 72,900 tons. The drop in methanol stocks was due mostly to Sibmetakhim which underwent maintenance in September. Stocks at Sibmetakhim dropped by around 70% at the start of October to 9,700 tons.

Production of methanol at Ammoni has risen following the completion of the takeover in the middle of the year. Demand for methanol is growing from both the chemical industry and the transport industry. Shipping companies use it as an alternative to fuel oil, it reduces carbon emissions.

Tomet Togliatti, Production Exports and Domestic Sales													
2020	***Jan***	***Feb***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***	***Oct***	***Nov***	***Dec***	***Total***
Production	81.0	76.5	77.3	67.4	84.9	72.3	82.7	83.9	81.0	0.0	0.0	0.0	707.0
Exports	32.9	33.1	34.7	22.2	34.8	34.2	34.1	29.8	29.8	0.0	0.0	0.0	285.8
Domestic Sales	44.8	38.5	39.0	24.6	24.6	34.6	33.9	39.1	32.0	0.0	0.0	0.0	311.1
Captive/Inventory	3.3	4.8	3.6	20.6	25.6	3.4	14.7	15.0	19.1	0.0	0.0	0.0	110.2
2019	***Jan***	***Feb***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***	***Oct***	***Nov***	***Dec***	***Total***
Production	69.3	67.3	75.0	40.7	74.5	71.2	79.3	43.4	41.9	77.0	61.2	75.3	776.1
Exports	20.0	17.7	19.9	14.2	18.0	13.1	20.9	11.8	18.1	20.1	20.9	22.1	216.9
Domestic Sales	42.8	37.4	43.1	38.4	39.0	41.1	41.0	38.0	35.1	38.2	44.3	45.5	484.0
Captive/Inventory	6.5	12.1	12.0	-11.9	17.5	17.0	17.4	-6.4	-11.3	18.7	-4.1	7.7	75.2

Tomet Methanol Sales 2020 (unit-kilo tons)		
Buyer	***Aug 20***	***Sep 20***
Togliattikaucuk	11.3	9.7
Nizhnekamskneftekhim	4.9	3.0
Sterlitamak Petrochemical Plant	0.2	0.6
ANK Bashneft	0.9	1.3
Volzhsky Orgsintez	1.3	1.2
Kronospan	1.1	1.0
NPK Astat	1.8	1.2
Idelkhim	0.4	0.6
Moskhim	3.6	2.5
Novokuibyshevsk Petrochemical	2.6	0.0
Khimsintez	2.2	1.6
Other domestic	8.8	10.9
Export	29.8	35.6
Total	68.9	69.2

Tomet stoppage due to litigation

Tomet stopped methanol production on 21 October following the seizure of the company's accounts which took place on 25 September. This relates to a court case involving Togliattiazot and its minority shareholder Uralkhim, and Tomet has found itself in the middle of this dispute.

Tomet appears to be wrapped up in long-standing corporate conflict between billionaire Dmitry Mazepin and the former leaders of Togliattiazot, to whom the owner of Uralkhim is making claims. A sum of more than 87 billion roubles was passed for claims by the Komsomolsk District Court of Togliatti in July 2019. Tomet was also on the list of legal entities, despite the fact that there have never been any ties or contractual relations between the company and Uralkhim.

After the accounts were seized in September Tomet struggled to secure funds for operating and therefore was eventually forced to stop production on 21 October. At the time of closure, the company had built up stocks

of 35,000 tons of methanol to cover immediate sales which represents around a half of a normal month's domestic and export shipments. As a result of the Tomet closure of the 950,000 tpa plant the monthly deficit on the Russian market amounts to around 30,000 tons which has already led to an increase in product prices. Proposals for its rescue were rejected by Uralkhim at a meeting in the Ministry of Industry and Trade which is trying to keep the plant afloat. The Ministry of Industry and Trade is keen to ensure that Tomet survives the process of corporate litigation.

Any market shortfall over November was expected to be met through increased utilisation at other plants such as Azot at Novomoskovsk and Ammoni at Mendeleevsk. In terms of export activity, the Netherlands is the largest recipient of Tomet's shipments. The shortfall should not significantly affect overall volumes from Russia, but the biggest effect gas been seen on the domestic market. In November, the cost of spot lots of methanol from producers had consolidated in the range of 24,000-30,000 roubles per ton, 30-40% up over September and early October. The shortage of commercial methanol against the background of the seasonally high demand for the product will contribute to maintaining high prices in the domestic market.

Russian Methanol Exports (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Azot, Nevinnomyssk	5.2	0.0
Azot Novomoskovsk	51.0	62.2
Akron	11.2	5.7
Metafrax	371.4	314.2
Sibmetakhim	363.3	336.1
Tomet	291.5	276.4
Shchekinoazot	540.6	553.3
Ammoni	0.4	13.5
Total	1634.6	1561.4

Russian methanol export sales, Jan-Sep 2020

Russian methanol producers increased shipments for export in the first three quarters to 1.635 million tons from 1.561 million tons, with other trader volumes increasing the respective totals to 1.659 million tons against 1.591 million tons. Revenues from methanol exports in the first nine months dropped to $292 million against $417 million in January to September 2019. Shipments to foreign markets were led by Shchekinoazot which shipped 540,600 tons against 553,300 tons in the first three quarters in 2019. Tomet increased exports in January to September 2020 to 291,500 tons versus 276,400 tons in the same period in 2019.

Exports have risen this year due to a slight rise in production and a more significant fall in merchant purchases on the Russian domestic market. Finland accounts the largest share of Russian exports, receiving 761,100 tons in January to September 2020 against 696,500 tons last year. The bulk of methanol from Finnish ports is shipped to Rotterdam, as well as to Szczecin in Poland.

Russian Methanol Exports by Destination		
Country	***Q1-Q3 20***	***Q1-Q3 19***
Belarus	81.9	53.7
Finland	761.1	696.5
Kazakhstan	29.6	26.7
Latvia	10.4	8.6
Lithuania	61.2	84.0
Netherlands	157.1	140.3
Poland	284.6	270.6
Romania	52.7	82.4
Slovakia	102.4	112.8
Turkey	23.5	30.3
UK	46.1	11
Ukraine	25.6	27.7
Others	22.7	46.5
Total	1658.8	1591.1

Railroad shipments of methanol to Slovakia in the first three quarters totalled 104,600 tons against 112,800 tons in the same period last year. Shipments to Romania over nine months dropped from 82,400 tons to 51,200 tons. The sole Russian supplier of methanol to both countries is Shchekinoazot. Methanol shipments to Poland in the first nine months of the year amounted to 269,700 tons versus 270,600 tons. Almost the entire volume of the product was handled through the Vilaris terminal, located at the Belarusian-Polish border crossing of Bruzgi-Kuznitsa.

In the first three quarters this year Russian methanol exports to Lithuania decreased from 84,000 tons to 61,200 tons. Methanol shipments from Russia to Kazakhstan increased in January-September to 29,600 tons from 26,700 tons due to purchases made by the Atyrau refinery. The export of methanol to Belarus amounted to 81,900 tons against 53,700 tons in January to September 2019.

Russian methanol domestic sales, Jan-Sep 2020

Sales of methanol on the merchant domestic market in Russia amounted to 1.034 million tons in the first three quarters in 2020 against 1.246 million tons in the same period in 2019. Tomet reduced sales on the domestic market to 311,100 tons against 450,600 tons in January to September 2019 whilst Metafrax

increased merchant shipments from 178,800 tons to 234,000 tons. Sibmetakhim at Tomsk reduced sales on the domestic market to 223,500 tons against 282,200 tons.

Russian Methanol Domestic Sales (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Azot Nevinnomyssk	11.7	25.1
Azot Novomoskovsk	98.5	116.8
Metafrax	234.0	178.8
Sibmetakhim	223.5	282.2
Tomet	311.1	450.6
Shchekinoazot	114.0	115.6
Ammoni (Mendeleevsk)	41.1	77.0
Total	1033.9	1246.1

Consumption on the merchant market was higher in the third quarter than second quarter, but still lower than in 2019. Nizhnekamskneftekhim reduced merchant purchases from 170,600 tons to 149,300 tons, whilst Togliattikaucuk reduced from 117,200 tons to 109,200 tons.

Almost half of all methanol consumed in Russia goes into formaldehyde derivatives which has seen reduced demand this year. A relative recovery in demand in the third quarter meant that leading formaldehyde producers increased methanol purchases. In the first nine months this year Metadynea reduced methanol purchases from 60,700 tons to 54,500 tons whilst Kronospan reduced shipments from 80,500 tons to 67,300 tons.

Gazprom purchased 89,800 tons of methanol in the first three quarters in 2020 against 118,600 tons in the same period in 2019. All purchases were made from Sibmetakhim at Tomsk. From the site of the Tomsk plant Sibmetakhim, 356.37 tons were delivered to Gazprom's Kamchatka fields, and 3,876.59 tons to the Chayanda field. Delivery to Kamchatka required tank containers with methanol crossing the Sea of Okhotsk.

Russian Methanol Consumption (unit-kilo tons)		
Consumer	***Jan-Sep 20***	***Jan-Sep 19***
Nizhnekamskneftekhim	149.3	170.6
Togliattikaucuk	109.2	117.2
Uralorgsintez	50.4	60.4
SIBUR-Khimprom	14.1	16.5
SIBUR Tobolsk	32.5	30.3
Ektos-Volga	29.3	43.5
Omsk Kaucuk	60.4	70.0
Novokuibyshevsk NPZ	31.6	36.2
Uralkhimplast	15.0	32.3
Slavneft-Yanos	8.4	11.5
Metadynea	54.5	60.7
Kronospan	67.3	80.5
Gazprom	89.8	118.6
Khimsintez	9.3	16.9
Volzhsky Orgsintez	7.9	8.3
Others	311.8	333.6
Total	1040.8	1207.1

AEON-Volgograd methanol project

A number of Russian companies are applying for work on the methanol project at Volgograd which is being constructed by Mitsubishi Heavy Industries Engineering. MHI Engineering plans to build a new site on the basis of Khimprom. The initiative to create a methanol plant and a cluster in the regional capital was supported at the government level. More than 50 billion roubles this is the total investment. The plant will produce 1.0 million tpa of methanol. Its construction should be completed in 2024.

Shchekinoazot-methanol and other projects

Shchekinoazot is progressing with its third methanol complex M-500 with Haldor Topsoe providing the licence as with previous projects. The launch of the complex is scheduled for 2022 after which its commissioning capacity of methanol will increase to 1.4 million tpa. The total cost of the project is estimated at 22 billion roubles. The company has begun to create a new network of rail lines to allow transportation from the new M-500 plant.

On other projects Shchekinoazot has completed acceptance of a large batch of equipment for the nitric acid and ammonium nitrate production facilities under construction. Three absorption columns and two ammonia oxidation reactors were delivered to the Tula region. The total weight of the devices is 440 tons. Each part of the column weighs over 100 tons, its height exceeds 60 metres, and the weight of the contact apparatus is over 70 tons. All equipment was manufactured by the Chinese company SEDIN Engineering Co.

With the launch of AK-270 / AS-340, Shchekinoazot will be able to process the ammonia produced at the M-450 / A-135 into a finished product at its own site. Shchekinoazot has started construction of a complex for the production of ammonia and urea, managed by the Chinese company CNCEC and subcontractors. The capacity of the complex will be 525,000 tpa of ammonia and 700,000 tpa of urea. The agreement on

financing the project with a budget of $550 million was previously signed with Gazprombank. Stamicarbon (Netherlands) was selected as the licensor for the production of urea, Haldor Topsoe (Denmark) for ammonia. NIIK is responsible for the adaptation of design and working documentation to Russian standards.

Organic chemicals

Russian N-Butanol Production (unit-kilo tons)		
	Jan-Sep 20	***Jan-Sep 19***
Angarsk Petrochemical Company	20.6	18.5
Azot, Nevinnomyssk	13.0	11.6
Gazprom neftekhim Salavat	46.3	44.5
SIBUR-Khimprom, Perm	22.4	29.9
Total	102.2	104.5
Russian Isobutanols Production (unit-kilo tons)		
	Jan-Sep 20	***Jan-Sep 19***
Angarsk Petrochemical Company	13.1	10.9
Gazprom neftekhim Salavat	27.1	24.9
SIBUR-Khimprom, Perm	34.9	40.1
Total	75.1	75.9

Russian butanol production Jan-Sep 2020

Russian normal butanol production totalled 102,200 tons in January to September 2020, against 104,500 tons in the same period in 2019. Gazprom neftekhim Salavat was the largest Russian producer, producing 46,300 tons against 44,500 tons.

Isobutanol production in Russia dropped slightly in the first three quarters to 75,100 tons from 75,900 tons. Gazprom neftekhim Salavat's isobutanol production amounted to 27,100 tons against 24,900 tons in January to September 2019, whilst SIBUR-Khimprom reduced production from 40,100 tons from 34,900 tons.

Russian Butanol Domestic Sales (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Gazprom n Salavat	5.4	4.3
SIBUR-Khimprom	18.5	21.4
Angarsk Polymer Plant	19.5	12.4
Azot Nevinnomyssk	2.2	1.4
Totals	45.6	39.6

Russian domestic butanol sales, Jan-Sep 2020

Russian butanol domestic sales in January to September 2020 amounted to 45,600 tons against 39,600 tons in the same period in 2019. SIBUR-Khimprom increased shipments from 7,600 tons to 7,800 tons and Angarsk Petrochemical increased from 5,100 tons to 7,700 tons. The two largest domestic purchasers in January to September 2020 were Dmitrievsky Chemical Plant which purchased 17,200 tons, versus 12,800 tons last year, and Akrilat at Dzerzhinsk which purchased 13,800 tons against 12,900 tons. Export activity for both normal butanols and isobutanols has continued to decline this year.

Russian Butanol Consumption (unit-kilo tons)		
Consumer	***Jan-Sep 20***	***Jan-Sep 19***
Akrilat	12.9	13.8
Dimitrievsky Chemical	17.2	12.8
Volzhskiy Orgsintez	6.9	7.0
Roshalsjy Plant of Plasticizers	1.4	0.8
Others	7.2	4.7
Total	45.6	40.0

Russian acetone market Jan-Sep 2020

Russian production of acetone in the first three quarters in 2020 totalled 113,300 tons against 76,600 tons in the same period in 2019. In addition to the start-up of the Omsk Kaucuk plant at the end of 2019, both Novokuibyshevsk Petrochemical and Ufaorgsintez increased production in 2020.

Despite the rise in production overall, volumes fell by 38% in September of 38% to 8,230 tons due to planned maintenance. Repair work was carried out at Ufaorgsintez and subsequently the plant produced only 692 tons during September. In addition, Omsk Kaucuk did not produce acetone over the month. Due to these outages the stocks of acetone in the warehouses of Russian producers fell from 2,140 tons at the start of September to 970 tons at the start of October which is the lowest amount for two years. Due to insufficient volumes of acetone, producers of isopropyl alcohol were forced to reduce production volumes.

Russian Acetone Production (unit-kilo tons)		
Producer	***Jan-Sep 20***	***Jan-Sep 19***
Ufaorgsintez	26.7	27.7
Kazanorgsintez	37.6	25.0
Novokuibyshevsk PC	32.3	25.9
Omsk Kaucuk	16.6	0.0
Total	113.3	78.6

SIBUR's organic chemicals Jan-Sep 2020

SIBUR's sales of organic chemicals were boosted in the first three quarters this year by revenues from the shipments of the plasticizer DOTP, which in value terms

rose from 2.596 billion roubles in January to September 2019 to 5.039 billion roubles. Production of DOTP at Perm rose in volume from 38,900 tons in the first three quarters in 2019 to 73,800 tons in the same period in 2020. Domestic sales of DOTP rose from 24,200 tons to 34,900 tons whilst exports rose from 10,700 tons to 17,400 tons. In other product areas oxo alcohol production amounted to 115,400 tons in January to September versus 116,000 tons last year, with captive internal processing rising in connection with the production of DOTP. The oxo alcohol and plasticizer division operates at SIBUR-Khimprom at Perm.

SIBUR's Organic Chemical Production (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
DOTP	73.8	38.9
Oxo Alcohols	115.4	116.0
Acrylates	38.2	38.1
SIBUR's Organic Chemical Domestic Sales (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
DOTP	34.9	24.2
Oxo Alcohols	34.3	43.1
Acrylates	25.7	21.6
SIBUR's Organic Chemical Exports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
DOTP	17.4	10.7
Oxo Alcohols	18.3	25.7
Acrylates	18.8	26.7

The acrylates' division at Dzerzhinsk showed similar production volumes for the first three quarters in 2020, whilst showing a rise in domestic sales from 21,600 tons to 25,700 tons and a decline in export sales from 26,700 tons to 18,800 tons. Revenues from domestic and export sales of acrylates declined from 4.266 billion roubles last year to 3.194 billion roubles in January to September 2020.

SIBUR-Neftekhim ethylene oxide production, Jan-Sep 2020

Ethylene oxide production for SIBUR-Neftekhim at Dzerzhinsk totalled 211,700 tons in the first three quarters in 2020 down from 236,400 tons in the same period in 2019. Sales of ethylene oxide on the domestic market dropped to 58,700 tons against 61,100 tons last year, whilst exports dropped from 19,200 tons to 10,200 tons. Lower oxide production impacted on glycol production at Dzerzhinsk where volumes dropped from 216,072 tons to 195,594 tons.

SIBUR Ethylene Oxide Production & Sales (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Production	211.7	236.4
Domestic Sales	58.7	61.1
Exports	10.2	19.0

SIBUR is currently evaluating the expansion of ethylene oxide and glycol capacity. An increase in capacity to 1,067 tons per day for the equivalent ethylene oxide, is under environmental examination. The main objective of the project is to increase the capacity of ethylene oxide production by installing a new water-cooled reactor unit and carrying out technical measures to maximize performance for equivalent ethylene oxide. Production of ethylene oxide and glycols at Dzerzhinsk was commissioned in 1982 and has been operating as part of SIBUR-Neftekhim since December 1999. The expansion of the ethylene oxide plant has been agreed with the Institute Hypropolimer and ThyssenKrupp Industrial Solutions LLC (RUS).

Russian maleic anhydride production

Two maleic anhydride plants are forecast to be operating in Russia by the end of 2023 with a total capacity of 95,000 tpa. SIBUR Tobolsk will launch a 45,000 tpa plant in 2021, and in 2023 Tatneft will introduce a 50,000 tpa plant at the Minnibayevo GPP. The start-up of the SIBUR plant at Tobolsk will be more than enough to meet domestic demand which is estimated at around 5,000 tpa. Questions will then arise of to where Russia could export maleic anhydride; shipping solid maleic is straightforward but liquid over distance is more complicated and investment will be needed into the correct type of transport cisterns.

Omsk Kaucuk start-up of isopropyl alcohol plant

Omsk Kaucuk reports that it started of production of isopropyl alcohol (isopropanol) in November and aimed to achieve sizeable volumes by the end of the month. The first batch of 300 tons for homologation and confirmation of the quality of products was shipped on11 November. The total amount of investments in construction of the plant is 1.4 billion roubles where capacity has been designed to produce up to 60,000 tpa.

Rosneft-isopropyl alcohol project

Rosneft aims to build an isopropyl alcohol production unit (isopropanol) at Novokuibyshevsk Petrochemical Company, using acetone processing technology. The investment project also involves

the launch of the production of glass cleaning fluid based on its own isopropyl alcohol. Rosneft plans to supply acetone for the production of isopropanol at Novokuibyshevsk from its own plants Ufaorgsintez. Since the beginning of March 2020, the production of antiseptics based on isopropyl and ethyl alcohol in Russia has grown up to six times. Other applications where growth is occurring is the pharmaceutical industry where Usolye-Siberian Chemical Pharma has started using isopropanol in the production of a drug Based on hopantenic acid. The drug is a nootropy, which is prescribed for a number of diseases of the central nervous system.

Russian lysine imports (unit-kilo tons)		
Country	***Jan-Sep 20***	***Jan-Sep 19***
China	14.5	4.6
Brazil	11.2	0.0
France	4.3	1.3
Kazakhstan	1.8	3.7
South Korea	4.7	16.3
Indonesia	2.7	13.5
Others	0.3	2.6
Total	39.4	41.9

DonBiotech lysine project to resume construction

Construction and installation work is expected to resume at the Volgodonsk deep grain processing plant DonBioTech by the end of 2020. This resumption is being undertaken with the intention of the plant being completed in 2023 and achieving full operational capacity in 2024. Currently around 83% of the construction schedule has been met. According to Don Biotech's management, the main owner of the company Rosselkhozbank has guaranteed the necessary financing.

The strategic partner of the plant Evonik Industries AG has confirmed its participation in the investment project. The project includes gluten and amino acid. The total investment is €160 million involving the processing of 250,000 tpa of wheat.

Russian TDI Imports (unit-kilo tons)		
Country	***Jan-Sep 20***	***Jan-Sep 19***
Belgium	0.4	0.9
China	2.7	2.1
Germany	11.7	8.1
Hungary	6.9	6.9
Japan	0.9	1.1
Netherlands	1.5	1.2
Saudi Arabia	5.4	6.9
South Korea	4.1	2.1
US	1.1	8.1
Others	3.	0.
Total	38.0	37.9

TDI/MDI

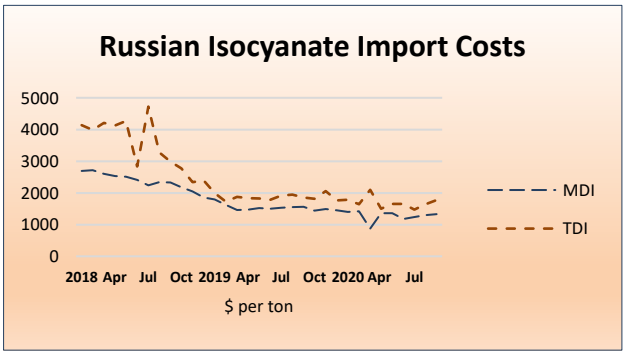
Russian TDI imports, Jan-Sep 2020

Russian TDI imports amounted to 38,000 tons in the first three quarters in 2020 against 37,900 tons in the same period in 2019. Germany increased shipments from 8,100 tons in January to September 2019 to 11,100 tons in 2020 with Hungary unchanged at 6,900 tons. Saudi Arabia supplied 5,400 tons of TDI to the Russian market in the first three quarters in 2020, down from 6,900 tons in the same period in 2019.

Despite the fall in TDI shipments in the middle of this year imports increased in August and September which enabled the total for the first nine months to match last year's volume. Imports in the third quarter totalled 17,200 tons which is the largest quarterly volume on record for the Russian market.

Russian TDI Imports Jan-Sep 2020 by region		
Region	***Volume (ktons)***	***Value ($ million)***
Moscow	19.5	31.7
Moscow Oblast	2.6	4.3
Tatarstan	5.5	9.5
Vladimir Oblast	3.1	5.6
Stavropol Krai	1.9	3.1
Others	5.5	9.0
Total	38.0	63.3

The main regions inside Russia accounting for TDI purchases, include Moscow and the Moscow area taking 22,100 tons in the first nine months followed by Tatarstan with 5,500 tons. Germany is the main supplier of TDI to Tatarstan where it accounted for over 40% in this year whereas in the Moscow region imports from Germany follow shipments from the US, South Korea and Saudi Arabia.



Russian TDI-MDI import costs, Jan-Sep 2020

Isocyanate prices were under pressure at the start of 2020 and remained suppressed through the main lockdown period in the second quarter. In August-September of this year, there was an increase in prices of around 20% in the global market for isocyanates following outages (planned and

unplanned) for major producers BorsodChem, Wanhua, BASF and Covestro. Average prices per ton for TDI imports attained $1778 per ton in September measured against the low point of $1472 per ton in July this year. Average prices for the first three quarters amounted to $1691 per ton against $1865 for the whole of 2019. MDI prices for Russian imports have followed a similar trend to TDI this year, dipping in the middle months before recovering in the third quarter.

Russian Imports of MDI (unit-kilo tons)		
Country	***Jan-Sep 20***	***Jan-Sep 19***
Belgium	11.7	11.5
China	25.3	23.9
Germany	16.7	12.1
Hungary	2.7	5.7
Japan	1.5	1.6
Netherlands	22.2	26.0
Portugal	2.0	0.0
Saudi Arabia	30.4	29.3
South Korea	0.8	1.7
Others	0.4	1.8
Total	113.9	113.6

Russian MDI imports, Jan-Sep 2020

In a similar trend TDI imports of MDI achieved their highest volume on record in the third quarter this year achieving 48,700 tons between July and September. MDI imports into the Russian market amounted to 113,900 tons in the first three quarters this year against 113,900 tons in January to September 2019.

Import costs for MDI totalled $151 million versus $175 million in the first three quarters in 2019, with average prices dropping to $1338 per ton versus $1562 per ton in the whole of 2019.

Saudi Arabia was the leading supplier in the first three quarters, increasing from 29,300 tons in January to September 2019 to 30,400 tons in the same period in 2020. The Netherlands reduced shipments to Russia from 26,000 tons to 22,200 tons whilst Germany increased volumes from 12,100 tons in January to September 2019 to 16,700 tons in 2020.

Russian MDI Imports Jan-Sep 2020 by region		
Region	***Volume (ktons)***	***Value ($ million)***
Vladimir Oblast	38.6	46.2
Moscow	26.4	35.0
Kaluga Oblast	14.0	20.4
Moscow Oblast	10.6	14.8
Tatarstan	5.7	7.6
St Petersburg	2.1	2.9
Others	16.6	24.1
Total	113.9	151.0

In terms of regional purchases, the Vladimir Oblast accounted for the largest volume of MDI imports, taking 38,600 tons in the first three quarters for a total cost of $46.2 million. Moscow followed as the second most important market taking 26,400 tons for $35.0 million, and in third place the Kaluga Oblast which bought 14,000 tons for $20.4 million.

Although volume imports have bounced back from the declines in the middle of 2020 there is some concern over the future direction of consumption patterns and recovery post-COVID.

Accordingly, the demand for MDI has fallen this year from applications in refrigerators and the insulation of pipelines, although there has been less decline in some other sectors. Russian polyurethane producers are waiting for some stabilisation in the MDI market, but to date the situation is unpredictable.

Ukraine

Ukrainian Polypropylene Imports (unit-kilo tons)		
Category	***Jan-Sep 20***	***Jan-Sep 19***
Homo	77.3	77.9
Block	10.4	10.6
Random	11.8	11.6
Other	1.7	1.4
Total	101.2	101.5

Ukrainian polymer imports & production, Jan-Sep 2020

Polypropylene imports into Ukraine were unchanged in the first three quarters in 2020 at 101,200 tons against 101,500 tons. Demand for all types of propylene polymers has decreased slightly, with the exception of PP-random. In January-September of this year, the total supply of PP-homo reached 77,300 tons against 77,900 tons a year earlier. Imports of block copolymers dropped from 10,600 tons to 10,400 tons in January to September 2020, whilst random polymer imports rose to 11,800 tons from 11,600 tons. Deliveries of other propylene copolymers amounted to 1,700 tons. Polypropylene was previously produced at the Lisichansk refinery in eastern Ukraine, but operations were suspended some years ago.

Polyethylene imports into Ukraine rose 2% in the first three quarters in 2020 to 204,200 tons against 200,800 tons in the same period in 2019. HDPE imports amounted to 73,400 tons against 72,500 tons whilst imports

of LDPE amounted to 60,900 tons versus 58,100 tons. LLDPE shipments into Ukraine dropped slightly from 60,800 tons to 59,300 tons. Imports of other types of polyethylene, including ethylene blame (EVA) amounted to 10,600 tons against 9,400 tons in January to September 2019.

Ukrainian Polymer Imports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
PVC	26.8	35.5
LDPE	60.9	58.1
LLDPE	59.3	60.8
HDPE	73.4	72.5
Ethylene Vinyl Acetate	10.6	9.4
Polypropylene	101.2	102.5

In the first nine months in 2020 imports of PVC into the Ukrainian market decreased by 24% and amounted to 26,800 tons against 35,500 tons in the same period in 2019. The key suppliers of resin to the Ukrainian market are producers are from Europe, accounting for 78% of shipments in the first three quarters in 2020. US producers accounted for 18% of imports in 2020.

Karpatneftekhim, Jan-Sep 2020

Karpatneftekhim exported 124,300 tons of PVC in the first three quarters against 119,400 tons in the same period in 2019. Karpatneftekhim stopped production capacity for suspension PVC and HDPE in late October for planned preventive repairs. Karpatneftekhim resumed cracking at Kalush on 16 November. The company has a capacity of 250,000 tpa of ethylene, 117,000 tpa of propylene and 72,000 tpa C4s.

Karpatneftekhim Petrochemical Exports (unit-kilo tons)		
Product	**Jan-Sep 20**	***Jan-Sep 19***
Propylene	73.5	65.6
Benzene	46.2	46.4

In the first nine months Karpatneftekhim produced 53,900 tons of HDPE and 205,000 tons of PVC, which is 19% less and 19% more respectively more than in 2019. Karpatneftekhim exported 73,500 tons of propylene in the first three quarters in 2020 against 65,600 tons in the same period in 2019. Benzene exports dropped from 46,400 tons to 46,200 tons.

Ukrainian Plasticizer Imports 2020 (unit-tons)				
Type/Supplier	***Q1 20***	***Q2 20***	***Q3 20***	***Total***
DOP	520.2	403	899	1822.2
DOTP	1228.6	829	652	2709.6
DINP	3644.5	2616	4730	10990.5

Ukrainian chemical imports Jan-Sep 2020

Methanol imports into Ukraine rose to 53,000 tons in the first three quarters in 2020 against 46,000 tons in the same period in 2019. Russian producers supplied the largest share of methanol to the Ukrainian market.

In the plasticizer sector Ukraine imported 10,991 tons of DINP in the first nine months, followed by 2,707 tons of DOTP and 1,822 tons of DOP. Major suppliers to the Ukrainian market for DOP include Boryszew from Poland and Deza from the Czech Republic. ExxonMobil supplied 5,012 tons of DINP to Ukraine in January-September 2020, whilst for DOTP SIBUR-Khimprom supplied 1,151 tons and Grupa Azoty 772 tons.

Belarussian Chemical Production (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Ethylene	78.3	70.9
Propylene	48.0	43.0
Benzene	68.9	82.4
Caprolactam	43.7	88.2
Orthoxylene	15.4	3.5
Paraxylene	34.8	11.0
Methanol	45.7	61.4

Belarus

Belarussian chemical production Jan-Sep 2020

Ethylene production in Belarus totalled 78,300 tons in the first three quarters to 78,300 tons against 70,900 tons in January to September 2019 whilst propylene production rose from 43,000 tons to 48,000 tons. Benzene production dropped from 82,400 tons to 68,900 tons and caprolactam production dropped from 88,200 tons to 43,700 tons.

Belarussian Aromatic Imports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Orthoxylene	11.5	11.7
Paraxylene	11.2	10.7
Benzene	0.0	3.0
Toluene	4.9	5.6

Belarussian trade aromatics, Jan-Sep 2020

Orthoxylene imports into Belarus dropped from 11,700 tons in the first three quarters in 2019 to 11,500 tons in the same period this year whilst paraxylene imports rose from 10,700 tons to 11,200 tons. Prices for paraxylene imports into Belarus amounted to $598 per ton in the first three quarters in 2020 against $999 in January to September 2019.

Russia remains the main supplier of orthoxylene and paraxylene into Belarus, although Kazakhstan enter the paraxylene market for the first time in 2020 supplying 1,998 tons in the first three quarters. Paraxylene is produced in Kazakhstan at the Atyrau refinery. Benzene imports into Belarus have not been required this year whilst toluene imports dropped slightly from 5,600 tons to 4,900 tons. The absence of benzene imports was due to lower caprolactam production at Grodno.

Belarussian PTA Imports (kilo tons)		
Country	***Jan-Sep 20***	***Jan-Sep 19***
South Korea	20.6	9.5
Portugal	6.2	5.0
Poland	24.0	25.6
Thailand	0.0	0.2
Total	50.8	41.3

The sole consumer of paraxylene in Belarus Mogilevkhimvolokno undertook a tender in November for the purchase of 12,500 tons for delivery in 2021. The Atyrau plant in Kazakhstan is a potential supplier in addition to the Russian producers. The main volume of paraxylene is supplied to Mogilevkhimvolokno by the local producer Novopolotsk refinery Naftan.

Belarussian PTA imports Jan-Sep 2020

PTA imports into Belarus totalled 50,823 tons in the first three quarters in 2020 versus 41,316 tons in the same period in 2019. Average prices dropped from $883 per ton in January to September 2019 to $649 in 2020, as total import costs rose from $36.473 million to $32.982 million.

Imports of PTA from South Korea increased to 20,608 tons in the first nine months from 9,500 tons. Poland increased shipments of PTA to Belarus from 25,620 tons to 21,930 tons, whilst Portugal shipped 6,245 tons in the first three quarters against 5,021 tons.

Belarussian Acrylonitrile Exports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Russia	2.7	2.0
Netherlands	2.1	10.0
Turkey	10.5	19.0
UAE	3.9	1.2
Others	1.9	0.0
Total	21.0	32.6

Belarussian acrylonitrile exports, Jan-Sep 2020

Exports of acrylonitrile from Belarus dropped from 32,164 tons in the first nine months in 2019 against 19,107 tons in the same period in 2020. Prices dropped on average from $1472 per ton last year to $870 in January to September 2020. Turkey reduced purchases from 18,992 tons to 10,507 tons in the first nine months this year whilst the UAE increased purchases from 1,613 tons to 3,865 tons.

Belarussian Methanol Market (unit-kilo tons)		
	Jan-Sep 20	***Jan-Sep 19***
Production	45.7	61.4
Exports	10.5	18.2
Imports	61.0	39.6
Balance	96.2	82.4

Belarussian Polymer Imports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
PVC	38.9	29.1
Polypropylene	61.5	54.7
LDPE	33.9	38.3
HDPE	47.6	56.6
Polystyrene	62.4	56.6

Belarussian methanol market Jan-Sep 2020

Methanol imports into Belarus amounted to 61,039 tons in the first nine months in 2020 from 39,680 tons in January to September 2019. Average prices dropped from $252 per ton last year to $139 per ton this year. Exports dropped from 18,202 tons to 10,507 tons, with average prices dropping from $276 per ton to $225 per ton. Besides formaldehyde resin production other consumers in Belarus include Mogilevkhimvolokno and the Mozyr refinery. Mogilevkhimvolokno is currently looking for a supplier for 2021 for a quantity of 2,230 tons whilst the Mozyr refinery estimates that it requires 22,280 tons to be delivered by the end of June 2021.

Belarussian polymer trade, Jan-Sep 2020

Imports of polypropylene to Belarus totalled 87,189 tons in the first nine months against 84,576 tons in January to September 2019. Homopolymer imports rose 7% to 61,500 tons in the first nine months against 54,700 tons in January to September 2019, whilst block copolymer imports dropped to 22,974 tons against 26,737 tons.

PVC imports into Belarus amounted to 38,900 tons which is 33.5% up against the 29,100 tons last year. PVC imports into Belarus in the first nine months totalled 38,900 tons which was 33.5% up from the 29,100 tons in the same period last year. Russia supplied the bulk of PVC to the Belarussian market accounting for around 85% of shipments.

Belarussian Polymer Exports (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
PET	20.3	24.3
LDPE	56.4	63.6
HDPE	13.6	8.7
Polypropylene	1.5	2.0
Polyamide	21.7	46.9

Belarussian exports of polyamide amounted to 21,767 tons in the first three quarters in 2020 at a price of $1,5080 per ton against 46,875 tons in the same nine months in 2019 at a price of $1,773 per ton. Due to the fall in both volumes and prices, revenues dropped from $82.304 million to $32.819 million. One main reason for the fall in exports was the reduction in shipments to China from 18,200 tons January to September 2019 to 3,180 tons this year.

Belarussian MDI Imports (unit-kilo tons)		
Country	***Jan-Sep 20***	***Jan-Sep 19***
Russia	2.1	2.0
Belgium	0.5	3.6
Hungary	1.3	0.7
Germany	10.6	6.7
Saudi Arabia	0.9	1.1
Others	0.6	2.1
Total	16.0	16.3

Belarussian MDI imports, Jan-Sep 2020

Import deliveries of MDI into from Belarus in the first three quarters amounted to 15,975 tons against 16,269 tons in the same period in 2019. Germany was the largest supplier, increasing shipments from 6,732 tons at $1582 per ton up to 10,580 tons at a much-reduced price of $1308 per ton. Russia supplied 2,080 tons against 2,000 tons in the first three quarters this year. Overall, MDI import prices per ton dropped from $1609 per ton in January to September 2019 to $1391 per ton in the same period in 2020.

Central Asia/Caucasus

SOCAR Methanol Q1-Q3 2020

Azerbaijan increased production of methanol by 35.5% in the first three quarters this year to a total of 368,200 tons from 314,000 tons in January to September 2019. At the start of October methanol stocks at the plant were estimated at 11,900 tons. Over the period January-September 2020 Azerbaijan exported 350,000 tons of methanol for total of $35.4 million.

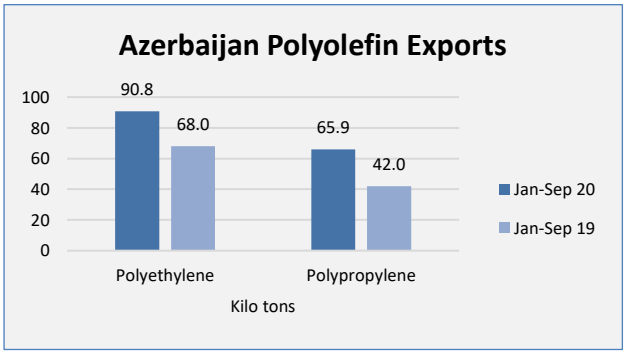
Azerbaijan Chemical Production (unit-kilo tons)		
Product	***Jan-Sep 20***	***Jan-Sep 19***
Ethylene	102.4	98.0
Polyethylene	104.2	76.9
Propylene	77.1	74.7
Propylene captive	51.5	52.4
C4s	22.5	26.4
Methanol	368.2	314.0

Azerbaijan petrochemical production Q1-Q3 2020

In January-September 2020, Azerbaijan produced 77,100 tons of propylene (of which 73,100 tons comprised commercial propylene). Polyethylene and ethylene production totalled 102,400 tons and 102,100 tons of ethylene respectively. Polyethylene production increased by 4.2%, and ethylene by 18.8%. Propylene production increased by 3.2%, whilst commercial propylene decreased by 1.7%. In early November, SOCAR completed the expansion of propylene capacity at Azerkhimya after planned repairs, rising from 90,000 tpa to 187,000 tpa. The additional propylene will be made available to SOCAR-Polymer for the production of polypropylene.

Azerbaijan chemical trade Q1-Q3 2020

Azerbaijan exported 90,780 tons of polyethylene and 65,670 tons of polypropylene in the first three quarters in 2020. Polyolefins are produced both at the new SOCAR Polymer complex and at the older established plant run by Azerkhimiya. Overall polymer exports rose 20.3% in the first three quarters in terms of tonnage and by 19.5% in financial terms. The total income from polymer sales amounted to $122.43 million in which polyethylene accounted for $59 million and polypropylene $53 million.



Polypropylene is produced in Azerbaijan at the SOCAR Polymer plant, which was launched in July 2018 with a capacity of 184,000 tpa. In February 2019, the company launched a production of HDPE

with a capacity of 120,000 tpa. Azerbaijan also produces LDPE at the Azerkhimiya production association of SOCAR with a capacity of 60,000 tpa.

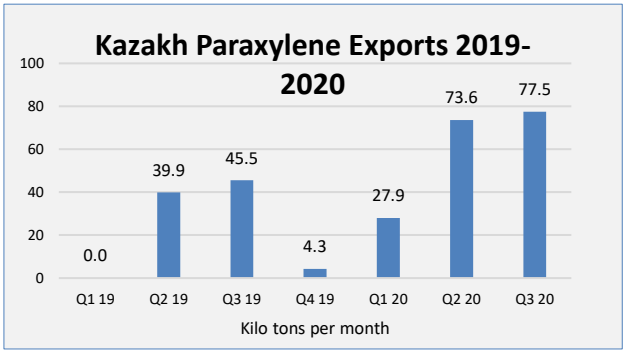
In other chemical trade the import of pharmaceutical products to Azerbaijan in January-September 2020 amounted to $271.141 million which was 30.8% higher than the same period in 2019. In physical volume imports rose 51.4% to 16,936 tons. In 2019 Azerbaijan imported 16,527 tons of pharmaceutical products for $296.531 million.

Kazakh Polymer Imports (unit-kilo tons)		
Polymer	***Jan-Sep 20***	***Jan-Sep 19***
PVC	29.6	23.5
Homopolymer PP	24.0	22.0
Propylene copolymers	5.6	5.6
HDPE	115.2	80.5
LDPE	14.1	18.7

Kazakh polymer trade, Jan-Sep 2020

Imports of polypropylene into Kazakhstan totalled 29,600 tons in the first nine months which was 18% up against the amount of 27,500 tons in 2019. The forced downtime of the plant at Pavlodar has reduced exports and at the same time increased imports. Exports of polypropylene dropped from 18,300 tons to 17,400 tons.

In the first nine months of 2020 imports of polyethylene into Kazakhstan increased by 12% and amounted to 139,300 tons against 124,100 tons in January to September 2019. HDPE imports increased by 19% to 115,200 tons whilst LDPE imports dropped 22% to 14,100 tons. LLDPE imports increased 7% to 10,000 tons.



Kazakh aromatics trade, Jan-Sep 2020

Paraxylene exports from Kazakhstan have increased this year by 77% based on the first three quarters helping to increase Kazakh external trade transportation. Benzene shipments from the Atyrau plant have also increased.

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