

### I-3 Current Production Situation of Aniline in China

In recent years, China's aniline production has maintained a strong growth rate. As of Jan.2008, there have been mainly 20 aniline producers in China, with a total output of 690.5kt in 2007. The CAGR (compound average growth rate) of aniline production was 24.08% from 2000 to 2007.

Along with the strong growth of aniline production in China, aniline production became surplus in the market in 2007. To deal with this, China has to export large quantity of aniline. For example, China increased the exported volume of aniline from 692 tonnes in 2006 to 47,699 tonnes in 2007.

Currently, aniline manufacturers pay more attention to the market dynamic, especially the MDI market, and duly adjust their aniline production. In other words, Chinese aniline production grows rational.

FigureI-3-1 The output of aniline in China from 2000 to 2007

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In 2007, China's aniline production capacity has increased by 110kt over previous year.

Table I-3-1 The capacity expansion situation of producers in 2007

Company	Province	Expansion capacity, tonnes	Schedule
██████████	Shandong	██████████	Mar. 2007
██████████████████	Jiangsu	██████████	Middle of 2007
██████████████	Jiangsu	██████████	In 2007
<b>Total</b>		██████████	

In 2008, new production facilities of aniline with the capacity █████ kt are under construction in China according to the current plan.

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#### ➤ Situation of manufacturers

As of Jan. 2008, CCM has totally contacted 27 aniline manufacturers who claimed that they produce aniline. The production status for them is listed as follows:

Table I-3-2 The aniline production status for 27 manufacturers

Status	Active manufacturers	Idle manufactures	Stopped manufacturers	Not produce	Total
<b>Quantity</b>	20	1	4	2	27

The production of aniline is mainly controlled by large-scale manufacturers. The detailed information is listed as follows.

Table I-3-3 The production concentration of aniline in 2006 and 2007

Year	Top 3 companies		Top 5 companies		Top10 companies		Total, kt
	Quantity, Kt	Percentage, %	Quantity, Kt	Percentage, %	Quantity, Kt	Percentage, %	
2006	█	█	█	█	█	█	█
2007	█	█	█	█	█	█	█

#### I-4 New Aniline Projects under Construction or Projects to Be Constructed

Even though aniline supply began to exceed its demand gradually, most domestic companies hold positive attitude towards the market prospect of aniline and plan to expand or build new aniline production.

Generally speaking, minor aniline manufacturers in China tend to keep their current capacity stable. Some big aniline manufacturers tend to expand their capacity to improve their competitiveness. Meanwhile, the new aniline manufactures that have launched aniline production have their own sales channel and don't worry about their aniline sales. However, along with the expanding aniline capacity and intense market competition, some small-scale manufacturers would be washed out in the market.

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The newly increased capacity of aniline reaches █ kt in 2008. The detailed progresses are listed as follows.

Table I-4-1 The new built aniline production

Company	Location	Planned capacity, kt	Schedule	Remark
█	Shandong	█	█	Failed on its trial run in 2007 because of catalyzer; no nitrobenzene equipment
█	Jilin	█	█	They don't worry about the sales of aniline
█		█	█	
█	Jiangsu	█	█	Under construction; Nitrobenzene 50kt/a
Total		█		

#### I-6 Raw material of aniline

##### I-6-1 Nitrobenzene

In China, nitrobenzene production could use coking benzene and petroleum benzene (pure

benzene) as raw material. The product of former one is called coking nitrobenzene, and the latter one is called petroleum nitrobenzene. The coking nitrobenzene cannot be used to produce aniline because of the high impurity content.

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As of January 2008, there have been 26 active nitrobenzene producers, 20 producers of which produce both nitrobenzene and aniline.

About 96% of nitrobenzene is produced by aniline producers, and most of them are consumed internally. This also means that most of nitrobenzene is used to produce aniline.

Tablel-6-1-1 List of the nitrobenzene producers that produce aniline and nitrobenzene (Unit: tonne)

Code	English name	Abbreviation	Location	Status'08	Cap.'08	Output'07	Raw material
1	[REDACTED]	[REDACTED]	Jiangsu	Active	[REDACTED]	[REDACTED]	pure benzene
2	[REDACTED]	[REDACTED]	Shanxi	Active	[REDACTED]	[REDACTED]	pure benzene
3	[REDACTED]	[REDACTED]	Jiangsu	Active	[REDACTED]	[REDACTED]	pure benzene
4	[REDACTED]	[REDACTED]	Gansu	Active	[REDACTED]	[REDACTED]	pure benzene
5	[REDACTED]	[REDACTED]	Hebei	Active	[REDACTED]	[REDACTED]	pure benzene
6	[REDACTED]	[REDACTED]	Shandong	Active	[REDACTED]	[REDACTED]	pure benzene
7	[REDACTED]	[REDACTED]	Jiangsu	Active	[REDACTED]	[REDACTED]	pure benzene
8	[REDACTED]	[REDACTED]	Hebei	Active	[REDACTED]	[REDACTED]	pure benzene
9	[REDACTED]	[REDACTED]	Shanghai	Active	[REDACTED]	[REDACTED]	pure benzene
10	[REDACTED]	[REDACTED]	Jiangsu	Active	[REDACTED]	[REDACTED]	pure benzene
11	[REDACTED]	[REDACTED]	Shandong	Active	[REDACTED]	[REDACTED]	pure benzene
12	[REDACTED]	[REDACTED]	Jiangsu	Active	[REDACTED]	[REDACTED]	pure benzene
13	[REDACTED]	[REDACTED]	Shandong	Active	[REDACTED]	[REDACTED]	pure benzene
14	[REDACTED]	[REDACTED]	Henan	Active	[REDACTED]	[REDACTED]	pure benzene
15	[REDACTED]	[REDACTED]	Chongqing	Active	[REDACTED]	[REDACTED]	pure benzene
16	[REDACTED]	[REDACTED]	Jiangsu	Active	[REDACTED]	[REDACTED]	pure benzene
17	[REDACTED]	[REDACTED]	Hebei	Active	[REDACTED]	[REDACTED]	pure benzene
18	[REDACTED]	[REDACTED]	Shandong	Active	[REDACTED]	[REDACTED]	pure benzene
19	[REDACTED]	[REDACTED]	Hebei	Active	[REDACTED]	[REDACTED]	pure benzene
20	[REDACTED]	[REDACTED]	Jiangsu	Active	[REDACTED]	[REDACTED]	pure benzene
21	[REDACTED]	[REDACTED]	Zhejiang	Idle	[REDACTED]	[REDACTED]	pure benzene
	<b>Total</b>				[REDACTED]	[REDACTED]	