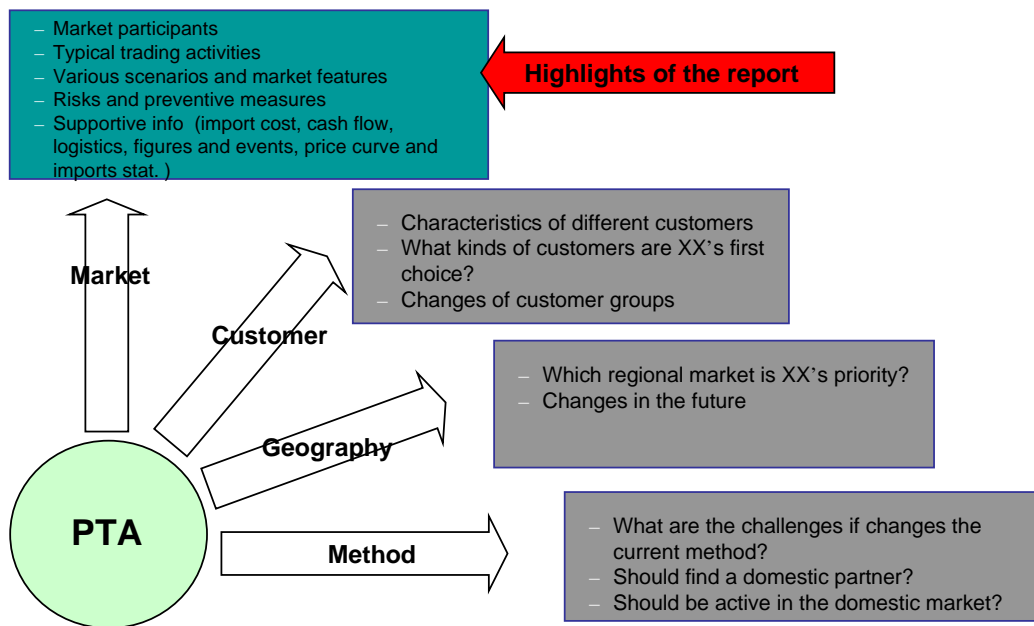
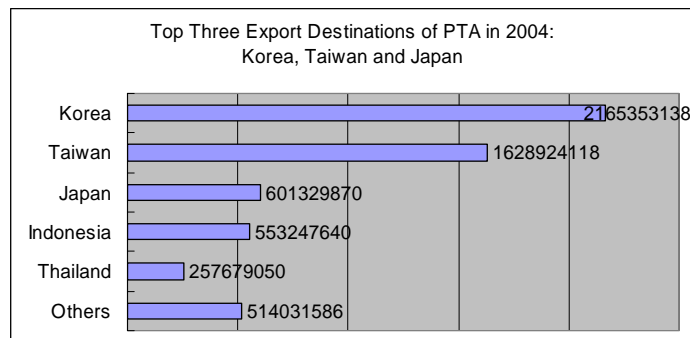
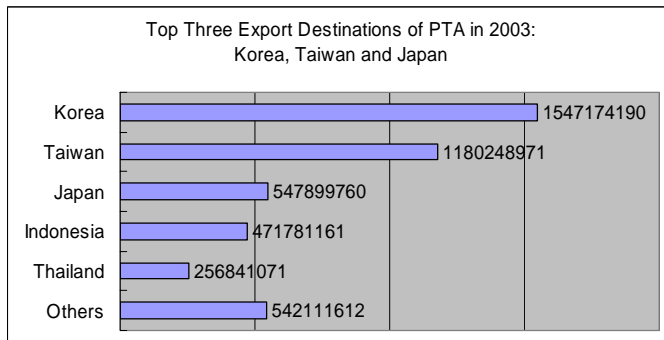


Chemease Opinions on Entering China's PTA Market



1 Seller-buyer typology in China's PTA market

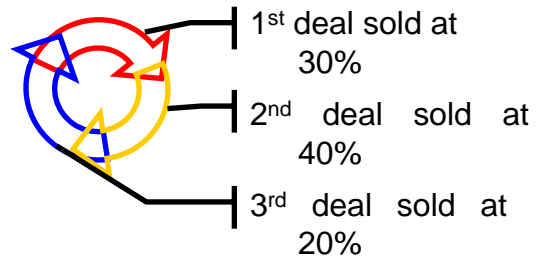
1.3 2003-2004 China's PTA imports



1 Seller-buyer typology in China's PTA market

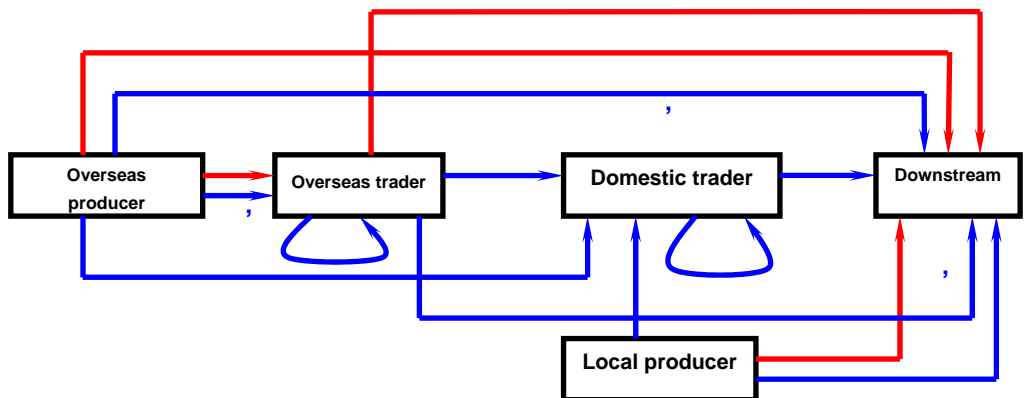
1.5.1 Stable import traders

- ◆ Features: Stable traders always pay a long-term attention to the market. They may conduct over 10 times each year in import, and carry out PTA sales on a rolling basis. When doing 3 import transactions consecutively, they usually start the 2nd deal as the 1st is sold around 30-50%.
- ◆ Pricing: Following closely to market prices
- ◆ Trading characteristics: These traders do not care much for slight price changes for fixed suppliers, and it is commonplace that they import goods at prices a little bit higher than the lowest available price. For unfixed suppliers, they would require the lowest possible prices. These traders usually conduct imports and sales consecutively, and steer the market by adjusting inventories, decreasing inventories when the pricing is high and stocking up when it is low, for instance.
- ◆ Proportion: they are the majority participants of the PTA market, accounting for 16%, e.g.



2 PTA trading process in spot market

According to our survey, PTA transactions are divided into two types: USD settlement and RMB settlement. Companies involved and trade processes are as shown in the chart below:



Note: The red lines indicate contract cargoes and blue lines spot goods.

2 PTA Trading flow in spot market

The 5 types of companies are major players in PTA market. The transaction chains are as following:

Overseas producers-International traders: mainly sell contract products

e.g. x x , x x (contract products)

Overseas producers-international traders: minimum spot sales

e.g. x x (Spots)

International traders-domestic traders: basically spot sales

e.g. x x , x x , x x (spot)

Domestic traders-downstream users: only in spot

e.g. x x , x x , x x (spot).