



## PPE: Butadiene & Derivatives Market Dynamics

**Butadiene & Derivatives 2014 is one in a series of reports published annually as part of the Petroleum and Petrochemical Economics program.**

**This report provides an in-depth analysis of the butadiene chain including:**

- Butadiene
- Styrene Butadiene Rubber (SBR)
- Butadiene Rubber (BR)
- Acrylonitrile Butadiene Styrene (ABS)

**Published: April 2014**

### **Abstract:**

The butadiene market has endured unprecedented volatility in recent years, but has effectively stagnated in volume terms since 2010. The spike in prices during 2011 subsided in 2012, and the market became long again in 2013. Natural rubber prices were the main reason behind the peak in 2011, and their continued slide during 2013 renewed the substitution pressure on butadiene-based synthetic rubbers.

Global butadiene supply increased in 2013 as a result of an increase in production in Asia, despite production in North America and Western Europe continuing to decrease. Production in Asia increased due to the improving ethylene market and new butadiene capacity, while output in Europe and North America fell due to the ongoing move towards lighter steam cracker feeds in both regions, and a fall in ethylene production in Europe. Production in North America will come under increasing pressure due to the fall in available crude C4 for export from Europe as a result of declining production, and increasing demand in Europe. Operating rates are already unsustainably low in the United States, and some extraction plants are expected to close. The major new ethane-based steam crackers in the United States will provide some additional C4s for butadiene extraction, although not until around 2018.

The major investment in butylene dehydrogenation capacity in China did not significantly contribute to supply in 2013 due to the limited volume of operational capacity in China, and the low butadiene values relative to butylene feedstock.

Outside Asia, capacity development in the near term will consist of new plants in Europe and the Middle East, partly based on existing crude C4 which is not currently exploited. Within Asia all additional C4s from new cracker developments will be fed into new or existing butadiene extraction plants.

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### **Table of Contents:**

- 1: Butadiene and Derivatives Industry
  - 1.1. Introduction
  - 1.2. Uses of Butadiene
- 2: Butadiene
- 3: Styrene Butadiene Rubber (SBR)
- 4: Butadiene Rubber (BR)
- 5: Acrylonitrile Butadiene Styrene (ABS)
- 6: Other Butadiene Derivatives
- Appendix
  - A. Methodology
  - B. Technology

Each product chapter is segmented by key region and further segmented into three principle areas:

- Consumption: Assesses historic and forecast consumption; forecasts are based on projections of end-use and economic activity in each region.
- Supply: Includes a list of all producers, their production capacity, location, etc., and discussion of the status of new projects.
- Supply, Demand and Trade: Provides historical analysis and forecasts to 2030 of consumption, production, imports/exports, inventory build-up/decline, capacity and capacity utilisation for each region.

This analysis will identify the issues shaping the industry, as well as provide an independent appraisal of the market.

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