

SYNTHETIC FIBER RAW MATERIALS COMMITTEE

Ethylene Glycols (MEG & DEG) as Synthetic Fiber Raw Material

Malaysia's domestic Ethylene Glycols (MEG & DEG) market anticipated to be stable until 2015. The stagnant market is due to no known new expansion / investment or new capacity planned to be built in Malaysia, as demand growth is forecasted to be rather limited.

Malaysia's only EG producer is OPTIMAL with the capacity of 380kta having local demand at 215kta, where by Reliance subsidiary consumes 84% of the total demand to produce Polyester. Meanwhile, other market segment such as Unsaturated Polyester Resin and Automotive are expanding very well. Nevertheless, these market segments consume very low quantity and will not be significant in driving future Ethylene Glycols demand.

EG market growth heavily relies on the polyester demand/supply since it is a key feedstock together with Purified Terephthalic Acid (PTA) in this industry. The Asia market however, projected to have immense potential on the EG growth.

Based on market analysis the world Polyester demand is rapidly growing at 7 – 7.5% rate for the next three years and Asia demand is growing at 15% rate. This rapid growth had equally counter with new capacities in China, India and Middle East which are perceived to introduce additional 1.5 mil tones per annum of polyester supply. Eventually, this new market demand will gradually increase the demand of Ethylene Glycols in Asia.

Malaysia EG Supply Demand and Application by Industry

