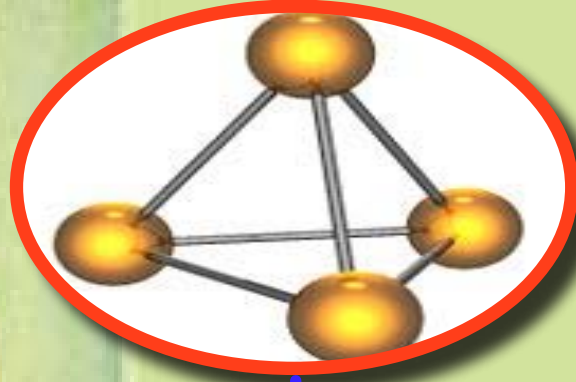




Phosphorus Industry China Monthly Report



Background

Based on phosphorus ore, phosphorus industry is a large industry which covers yellow phosphorus, phosphate acid, phosphate fertilizers, phosphate feed, fine phosphate chemicals, etc.

Phosphorus ore

China has been a net phosphorus ore exporter as China is the second largest holder of phosphorus ore resource of the world, following Morocco. Thanks to the elimination of special export tax and the strong recovery, China's phosphorus ore export volume and price both witness rebound after the financial crisis.

During the 12th Five-Year-Plan (2011-2015), Chinese government will encourage to exploit low grade phosphorus ore by levying lower resource tax on low grade ore, which will drive exploiting technology innovation and reduce resource waste. This is beneficial for the development of phosphorus industry. However, the government will continue implementing export quota system for phosphorus ore.

Yellow phosphorus

In 2010, output of China's yellow phosphorus broke historical high level, touching 957,994 tonnes, increasing by 10.6% year on year. The strong growth is primarily driven by the booming downstream industries.

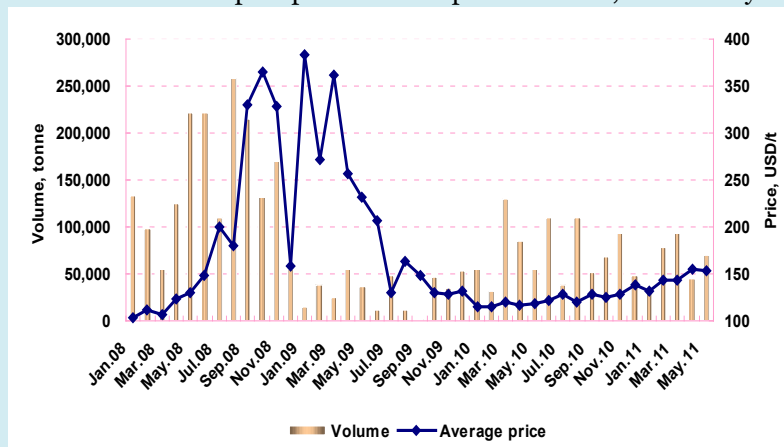
On Jul. 5th, 2011, the World Trade Organization (WTO) ruled that China's export restriction on yellow phosphorus is illegal. Though China has eliminated the special export tax and only levies 20% tax on export yellow phosphorus in 2011, the export volume of yellow phosphorus only accounted to 6,340 tonnes as of May in 2011, halved as compared with that in the same period last year. In line with the soaring price of phosphorus ore, the average export price of yellow phosphorus in May 2011 increased by 24.7% over that in previous May.

Phosphate fertilizers

Phosphate fertilizers are important for China to modernize its agriculture industry. In 2010, China totally produced 17.01 million tonnes (100% P_2O_5) phosphate fertilizers, increasing by 20.2% year-on-year.

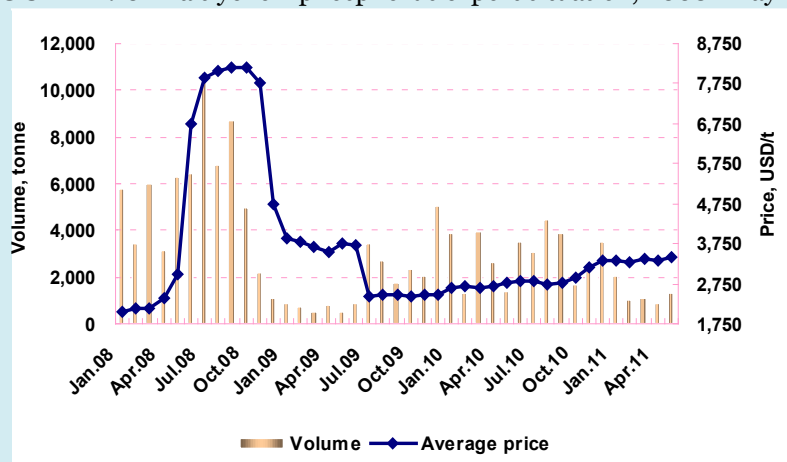
Though the output witnessed fast growth, China's phosphate fertilizer industry has been overcapacity. On March 25, 2011, Ministry of Industry and Information Technology (MIIT) promulgated the exposure draft of the Entry Criteria for Phosphate and Ammonium Production which rules that in principal, it would not allow to build new wet process phosphoric acid (WPA), monoammonium phosphate (MAP) and diammonium phosphate (DAP) projects or expansions within three years. Meanwhile, it will weed out some inefficient capacity by higher environmental requirement.

FIGURE 1: China's phosphorus ore export situation, 2008~May 2011



Source: China's Customs, CCM International

FIGURE 2: China's yellow phosphorus export situation, 2008~May 2011



Source: China's Customs, CCM International

To develop more healthy, phosphate fertilizers industry will see integration within industry. Phosphorus ore resource will draw more attention. Distribution channel building will enhance competitiveness. Hence, more and more mergers and acquisitions will emerge.

Fine phosphate chemicals

Phosphorus trichloride (PCl_3), as the raw material of glyphosate which is one of the important herbicide in China, its dynamic will heavily impact the production of glyphosate.

China currently is the largest producer of sodium tripolyphosphate (STPP) in the world, over 60% of STPP produced in China is exported. Hence, the changes within China's STPP will impact the world's STPP.

As compared with other flame retardants, phosphorus flame retardant is of many advantages. Hence, phosphorus flame retardant will witness fast development in the coming years, which is counted as one of breakthrough points of China's fine phosphate chemicals.

Coverage

This monthly report will introduce China's phosphorus industry from the following coverage:

- **Policy & legislation**

Present the latest policies and legislations released in China and abroad related to phosphorus industry, such as industry 12th Five-Year-Plan, industrial Entry Criteria, tax adjustments and other policies impacting the development of phosphorus industry.

- **Company dynamic**

Report the latest news about companies within China's phosphorus industry, such as new launch, company expansion, merger & acquisition, cooperation, etc. Find out stories behind the news, including company development strategy, related policy, global market situation, etc.

- **Industry dynamic**

Introduce the development trend of phosphorus industry and dig out the investment opportunity within the industry.

- **Price update**

Update prices of phosphorus ore, yellow phosphorus, PCl_3 , STPP and main phosphate fertilizers, etc., and find out the factors impacting the price fluctuation. Predict the price trend.

- **Technology innovation**

Report the technology improvement within industry. Analyze influences of technology improvements on China's phosphorus industry, including cost reduction, quality improvement and efficiency increase.

- **Supply & Demand**

Cover the supply and demand dynamics of main phosphate chemicals, including the rough import and export data analysis of P_2O_5 , STPP, PCl_3 , dicalcium phosphate, etc.. Analyze the factors influencing the supply and demand of these products.



Methodology

- **Desk research**

The sources of desk research are various, including published magazines, journals, government statistics, industry statistics, association, seminars as well as information from the Internet.

- **Telephone interview**

CCM will interview events related party to gain first-hand information.

- **Questionnaire**

CCM will set questionnaire on events to collect experts' views and opinions.

- **Face-to-face interview**

CCM carries out face-to-face interviews with industry insiders to make in-depth analysis & comment on relative issues.

- **Experts consultancy**

CCM has established long-term business relationships with experts in each industry via payment or information offering, and they would contribute stories or comments to CCM in return.

Why to subscribe?

- Trace the industrial trend for you business decision.
- Capture the opportunities for investment.
- Master the current industry environment in China.
- Get the changes in related industry policy in time to avoid the potential business risks.
- Know the insiders' opinions about the latest policies and events.

Who need it?

- Producers, traders and end users within phosphorus industry.
- Investors focusing on phosphorus industry.
- Government and independent corporations interested in China phosphorus relative industries

What you will have?

- PDF newsletter monthly, 12 issues per annum.
- Access to online archives of all previous issues with downloadable files

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