argusmedia.com

Argus *Global Polypropylene*

Polypropylene prices and global coverage

Issue 25-17 | Friday 25 April 2025

HIGHLIGHTS

US
Market awaiting PGP contract settlement

Latin America
Demand remains weak in Brazil

Europe
April contracts mostly settled at monomer decease

Russia and CIS
Producers drop prices to fend off finished goods' imports

Turkey
Prices fall on low demand

Middle East
Prices unchanged on limited activity

China
Price stable-to-soften for thin trades

Southeast Asia and Vietnam
Sellers offer discounts for regional cargoes

India
Prices move lower on new offers made

Pakistan
New offers drive prices lower

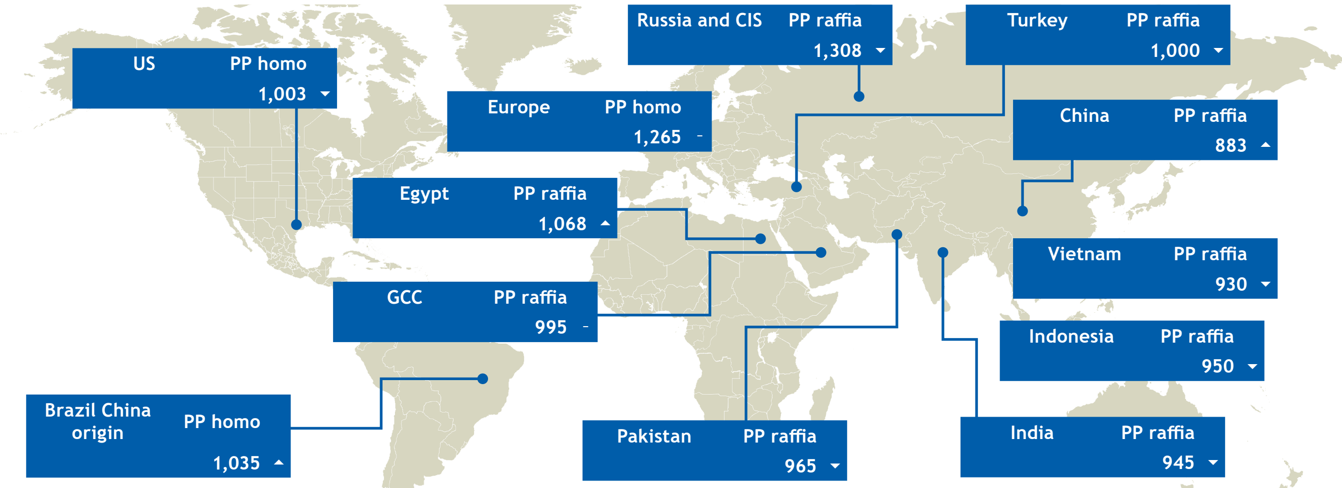
Dalian Futures Market
PP futures recoup earlier losses

Fundamentals to watch
China's petchems sector scrambles for tariff solutions
China tariffs to revive coal-to-olefins fortunes
Japan's auto industry mulls US tariff cost dilemma
Dow studying German cracker closures
LyondellBasell targets 85pc cracker run rate in 2Q
TotalEnergies plans Antwerp cracker closure
Tariff 'shock' prompts IMF to cut outlook

Contract prices			$/t
	Timing	Contract marker	Argus Δ (month-on-month change)
US			
Copolymer	Mar	1,279	-88.2 ▼
Homopolymer	Mar	1,235	-88.2 ▼
Western Europe			
Copolymer	Apr	1,540	-9.0 ▼
Homopolymer	Apr	1,483	-11.0 ▼

Spot prices				$/t
	Basis	Price	1 week change	4 week change
US				
Homopolymer	fas/Houston bagged	970-1,036	-88 ▼	-88 ▼
Homopolymer	dap/Laredo railcar	1,014-1,058	-44 ▼	-88 ▼
Brazil				
Homopolymer US/Canada origin	cfr	1,060-1,080	-15 ▼	-30 ▼
Homopolymer China origin	cfr	1,020-1,050	+5 ▲	0 -
Copolymer US/Canada origin	cfr	1,080-1,100	-30 ▼	-65 ▼
Copolymer China origin	cfr	1,060-1,090	-15 ▼	0 -
West Coast South America				
Homopolymer US/Canada origin	cfr	990-1,050	-45 ▼	-65 ▼
Homopolymer China origin	cfr	970-1,030	-3 ▼	-30 ▼
Copolymer US/Canada origin	cfr	1,040-1,090	-50 ▼	-70 ▼
Copolymer China origin	cfr	1,010-1,080	+45 ▲	-15 ▼
Northwest Europe				
Homopolymer	del	1,222-1,307	0 -	+6 ▲
Raffia	del	1,193-1,278	-1 ▼	+4 ▲
Block copolymer	del	1,250-1,335	-1 ▼	+7 ▲
Russia and CIS				
Raffia	cpt	1,207-1,408	-53.0 ▼	-31.5 ▼
PP homopolymer	cpt	1,323-1,428	-54.0 ▼	-38.0 ▼
Block copolymer	cpt	1,418-1,549	-25.0 ▼	-2.0 ▼
Turkey				
Raffia Mideast Gulf origin	cfr	990-1,010	-15 ▼	-55 ▼
Raffia CIS origin	cfr	990-1,010	-25 ▼	-55 ▼
Non-woven fibre Mideast Gulf origin	cfr	1,040-1,060	-10 ▼	-35 ▼
Fibre Mideast Gulf origin	cfr	1,030-1,050	-10 ▼	-45 ▼
Fibre CIS origin	cfr	1,040-1,050	-10 ▼	-50 ▼
BOPP film Mideast Gulf origin	cfr	1,010-1,030	-10 ▼	-45 ▼
Block copolymer Mideast Gulf origin	cfr	1,060-1,080	-20 ▼	-45 ▼
Block copolymer South Korea origin	cfr	1,100-1,110	-20 ▼	-85 ▼

GLOBAL SNAPSHOT



Key prices $/t

	Timing	US fas Houston	Western Europe spot ddp	Russia and CIS spot cpt	Turkey spot cfr (Mideast origin)	China spot cfr	Southeast Asia dutiable spot cfr	India spot cfr
PP copolymer				1,418-1,549	1,060-1,080	865-920	990-1,010	
PP homopolymer	Apr	970-1,036	1,222-1,307					
PP raffia			1,193-1,278	1,207-1,408	990-1,010	865-900	940-960	930-960

Spot prices $/t

	Basis	Price	1 week change	4 week change
Egypt				
Raffia Mideast Gulf origin	cif	1,050-1,085	+1 ▲	-17 ▼
Fibre Mideast Gulf origin	cif	1,080-1,125	+1 ▲	-22 ▼
GCC				
Raffia	del	980-1,010	0 -	0 -
Block copolymer	del	1,070-1,100	0 -	0 -
BOPP film	del	1,050-1,080	0 -	0 -
Jordan/Lebanon				
Raffia	del	1,090-1,120	0 -	0 -
Saudi Arabia (CMP)				
Copolymer	fob	861-916	-2 ▼	-16 ▼
Raffia	fob	861-896	+3 ▲	-11 ▼

Announcement

All data change announcements can be viewed online at www.argusmedia.com/announcements. Alternatively, to be added to the email distribution list for all announcements, please email: datahelp@argusmedia.com.

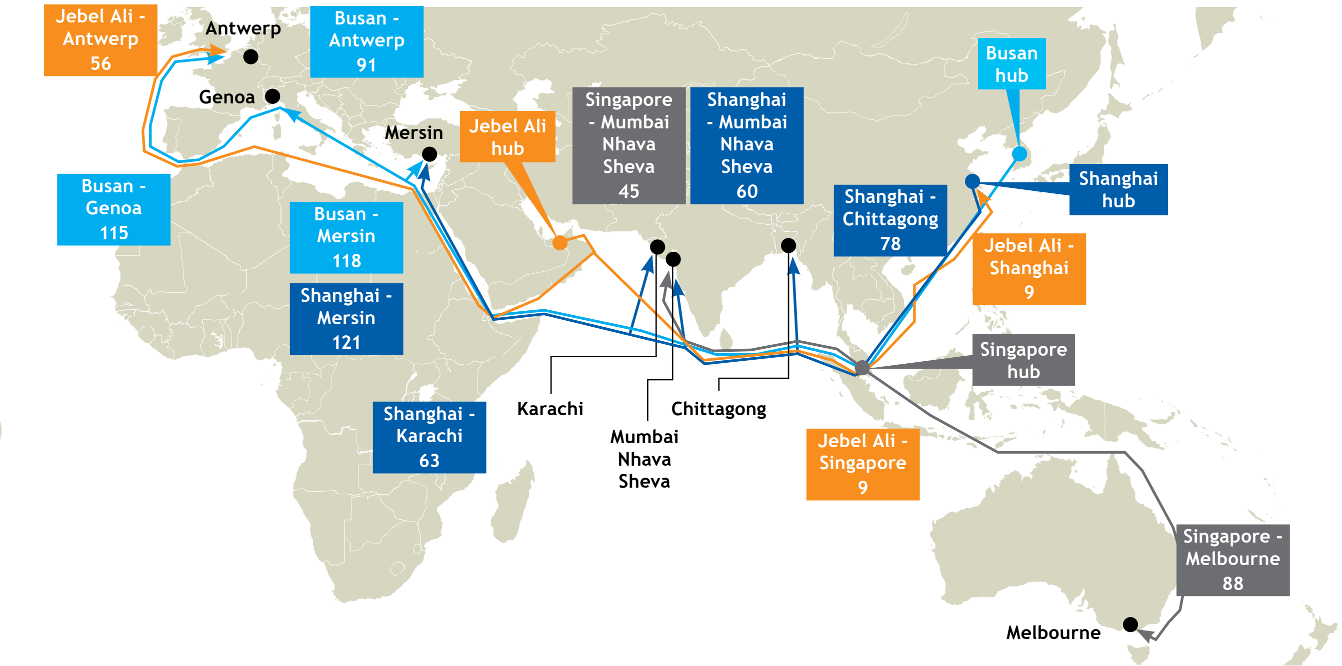
Announcement

The holiday calendar showing which Argus reports are not published on which days is now available online http://www.argusmedia.com/Methodology-and-Reference/Publishing-Schedule

Spot prices $/t

	Basis	Price	1 week change	4 week change
China				
Copolymer	cfr	865-920	-2 ▼	-17 ▼
Copolymer domestic	import parity	819-855	-2 ▼	-20 ▼
Copolymer	fob	895-975	0 -	-18 ▼
Raffia	cfr	865-900	+3 ▲	-12 ▼
Raffia domestic	import parity	802-826	-2 ▼	-17 ▼
Raffia	fob	880-910	-5 ▼	-22 ▼
Southeast Asia dutiable				
Copolymer	cfr	990-1,010	-10 ▼	-10 ▼
Raffia	cfr	940-960	-10 ▼	-10 ▼
Southeast Asia duty free				
Copolymer	cfr	1,000-1,020	-40 ▼	-50 ▼
Raffia	cfr	950-970	-20 ▼	-35 ▼
Vietnam				
Raffia	cfr	920-940	-10 ▼	-20 ▼
Indonesia				
Copolymer Mideast Gulf origin	cfr	990-1,010	-10 ▼	-10 ▼
Raffia Mideast Gulf origin	cfr	940-960	-10 ▼	-10 ▼
India				
Raffia	cfr	930-960	-20 ▼	-25 ▼
Copolymer	cfr	1,000-1,020	0 -	-10 ▼
Pakistan				
Raffia	cfr	950-980	-20 ▼	-15 ▼
Copolymer	cfr	1,020-1,060	0 -	0 -
Bangladesh				
Raffia	cfr	950-970	-35 ▼	-35 ▼
Copolymer	cfr	1,020-1,050	0 -	0 -
Sri Lanka				
Raffia	cfr	1,000-1,040	0 -	0 -
Nepal				
Raffia	cpt	1,020-1,060	0 -	+10 ▲

POLYPROPYLENE ROUTES BY EXPORTING PORT



Global polymer freight rates									$/t
Origin	Destination	Argus Low	Argus High	1 week change		4 week change		Source	
Americas									
Houston	Shanghai	14	24	0.0	-	-6.0	▼	Freightos Derived	
Houston	Mersin	55	62	0.0	-	+5.0	▲	Freightos Derived	
Houston	Genoa	42	53	0.0	-	+2.0	▲	Freightos Derived	
Houston	Valencia	59	61	0.0	-	+24.0	▲	Freightos Derived	
Houston	Antwerp	19	29	0.0	-	+1.0	▲	Freightos Derived	
Houston	Santos	36	50	0.0	-	+3.0	▲	Freightos Derived	
Houston	Buenos Aires	36	42	0.0	-	-6.0	▼	Freightos Derived	
Houston	Buenaventura	63	68	0.0	-	+1.0	▲	Freightos Derived	
Houston	Callao	57	62	0.0	-	0.0	-	Freightos Derived	
Houston	Guayaquil	57	60	0.0	-	-4.0	▼	Freightos Derived	
Houston	Valparaiso	61	67	0.0	-	-5.0	▼	Freightos Derived	
Santos	Rotterdam	64	65	0.0	-	0.0	-	Freightos Derived	
Middle East and North Africa									
Jubail	China	1	6	0.0	-	-1.0	▼	Argus	
Jubail	Indonesia	28	33	0.0	-	+2.0	▲	Argus	
Jubail	Karachi	22	27	0.0	-	-4.0	▼	Argus	
Jubail	Mumbai	22	27	0.0	-	-8.0	▼	Argus	
Jubail	Turkey	75	95	0.0	-	-5.0	▼	Argus	
Jebel Ali	Shanghai	7	11	0.0	-	+1.0	▲	Freightos Derived	
Jebel Ali	Singapore	7	11	0.0	-	+1.0	▲	Freightos Derived	
Jebel Ali	Melbourne	85	101	0.0	-	-7.0	▼	Freightos Derived	
Jebel Ali	Tauranga	89	101	0.0	-	-5.0	▼	Freightos Derived	
Jebel Ali	Antwerp	50	62	0.0	-	-15.0	▼	Freightos Derived	
Jebel Ali	Buenaventura	83	106	0.0	-	-19.0	▼	Freightos Derived	
Jebel Ali	Callao	83	105	0.0	-	-17.0	▼	Freightos Derived	
Port Said	Mersin	15	25	0.0	-	0.0	-	Freightos Derived	
Port Said	La Spezia	20	30	0.0	-	0.0	-	Freightos Derived	
Port Said	Antwerp	25	35	0.0	-	0.0	-	Freightos Derived	

Global polymer freight rates

$/t

Origin	Destination	Argus Low	Argus High	1 week change	4 week change	Source
Southeast Asia						
Singapore	Karachi	45	55	0.0 -	+10.0 ▲	Freightos Derived
Singapore	Mumbai Nhava Sheva	40	50	0.0 -	+10.0 ▲	Freightos Derived
Singapore	Colombo	40	50	0.0 -	+5.0 ▲	Freightos Derived
Singapore	Melbourne	72	103	0.0 -	+10.0 ▲	Freightos Derived
Singapore	Tauranga	73	103	0.0 -	+9.0 ▲	Freightos Derived
Vung Tau	Antwerp	104	121	0.0 -	+4.0 ▲	Freightos Derived
Vung Tau	Genoa	127	161	0.0 -	+10.0 ▲	Freightos Derived
Northeast Asia						
Busan	Mersin	100	136	0.0 -	-12.0 ▼	Freightos Derived
Busan	Koper	108	148	0.0 -	-2.0 ▼	Freightos Derived
Busan	Genoa	100	130	0.0 -	-8.0 ▼	Freightos Derived
Busan	Valencia	106	142	0.0 -	-1.0 ▼	Freightos Derived
Busan	Antwerp	78	104	0.0 -	-2.0 ▼	Freightos Derived
Busan	Durban	89	102	0.0 -	+12.0 ▲	Freightos Derived
Busan	Santos	81	112	0.0 -	+9.0 ▲	Freightos Derived
Busan	Buenaventura	74	97	0.0 -	+16.0 ▲	Freightos Derived
Busan	Callao	74	97	0.0 -	+13.0 ▲	Freightos Derived
Busan	Melbourne	84	99	0.0 -	+13.0 ▲	Freightos Derived
Busan	Tauranga	84	99	0.0 -	+15.0 ▲	Freightos Derived
Shanghai	Nagoya	35	37	0.0 -	+2.0 ▲	Freightos Derived
Shanghai	Laem Chabang	48	54	0.0 -	+11.0 ▲	Freightos Derived
Shanghai	Port Klang	39	44	0.0 -	-3.0 ▼	Freightos Derived
Shanghai	Karachi	61	65	0.0 -	+16.0 ▲	Freightos Derived
Shanghai	Mumbai Nhava Sheva	55	64	0.0 -	+15.0 ▲	Freightos Derived
Shanghai	Chennai	47	58	0.0 -	+18.0 ▲	Freightos Derived
Shanghai	Colombo	49	65	0.0 -	+17.0 ▲	Freightos Derived
Shanghai	Chittagong	70	85	0.0 -	+13.0 ▲	Freightos Derived
Shanghai	Mersin	102	139	0.0 -	-8.0 ▼	Freightos Derived
Shanghai	Koper	117	145	0.0 -	+1.0 ▲	Freightos Derived
Shanghai	Genoa	107	134	0.0 -	-3.0 ▼	Freightos Derived
Shanghai	Valencia	120	141	0.0 -	+3.0 ▲	Freightos Derived
Shanghai	Antwerp	85	102	0.0 -	0.0 -	Freightos Derived
Shanghai	Rotterdam	89	106	0.0 -	+2.0 ▲	Freightos Derived
Shanghai	Durban	102	112	0.0 -	+10.0 ▲	Freightos Derived
Shanghai	Santos	81	111	0.0 -	+8.0 ▲	Freightos Derived
Shanghai	Los Angeles	81	126	+0.5 ▲	+13.5 ▲	Freightos Derived
Shanghai	Manzanillo	78	97	0.0 -	+22.0 ▲	Freightos Derived
Shanghai	Buenaventura	73	105	0.0 -	+12.0 ▲	Freightos Derived
Shanghai	Callao	73	107	0.0 -	+13.0 ▲	Freightos Derived
Shanghai	San Antonio, Chile	67	93	0.0 -	+13.0 ▲	Freightos Derived

FREIGHTOS

Argus freight rates are as of the day of publication. Rates derived from Freightos data are of the previous day. Selected polymer spot freight rates are calculated by Argus methodology, based on underlying data from the online freight marketplace, Freightos. Visit www.freightos.com for complete lists of $/FEU rates in the wider spot container market.

FEEDSTOCKS

Crude oil

Crude oil prices were relatively stable week-on-week, but remain around $8/bl lower than levels seen at the end of March. The US government said trade talks with China are underway, despite Beijing's claims to the contrary, regarding tariffs and retaliatory measures.

As of 14:45 GMT on 25 April, the front-month Ice Brent contract was trading at $66.26/bl, while the front-month Nymex WTI contract stood at $62.52/bl.

Naphtha

In Europe, naphtha's prompt price recovered some ground this week and stood at €494/t on 24 April, changed from €481/t on 17 April. But naphtha has averaged €75/t lower so far in April – compared with the March average of €565/t – and will set the stage for decreases in ethylene and propylene monthly contract prices (MCPs) for May, which will be negotiated next week. Cracker outages at Shell's Moerdijk and OMV's Schwechat sites, combined with continuing uncertainty around Dow's European assets, are keeping petrochemical cracking margins supported.

In Asia-Pacific, naphtha prices rose this week but trading activity was limited as market participants awaited clarity on tariff developments between the US and China. Basis c+f Japan, naphtha prices closed at $582/t on 25 April, changed from $568/t on 17 April.

Propane

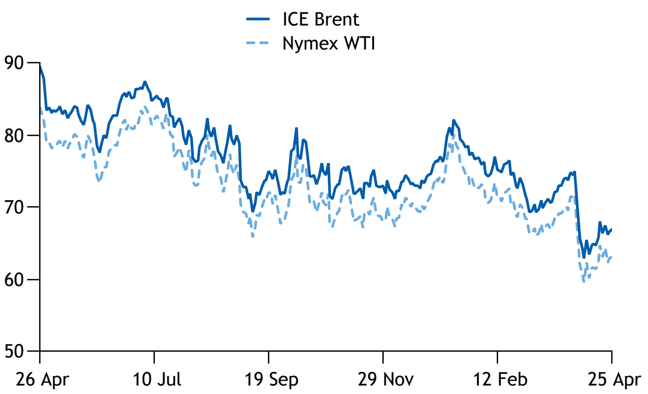
US propane prices strengthened this week. Prompt prices for propane continue to draw support from lower-than-normal inventories for this time of year and strong exports. Prompt-month LST propane exceeded gains in crude and was valued at 59.1pc of Nymex WTI on 24 April – changed from 56.7pc of Nymex WTI on 17 April.

Crude			$/bl
	Effective date	Price	1 week change
Ice Brent	25 Apr	66.87	-1.09
Nymex WTI	25 Apr	63.02	-1.66

Naphtha			$/t
	Effective date	Price	1 week change
70 min paraffin USGC waterborne del	25 Apr	569.14	+8.45
65 para NWE cif	25 Apr	560.00	+13.00
Japan c+f	25 Apr	582.00	+14.00

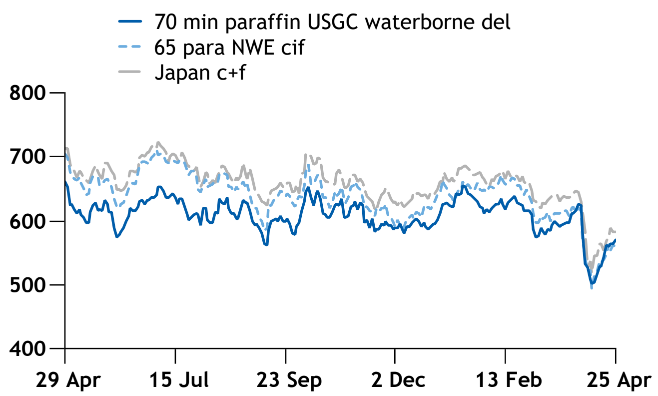
Propane			$/t
	Effective date	Price	1 week change
Mt Belvieu Enterprise	25 Apr	467.92	+15.95
ARA large cargo	25 Apr	477.25	+11.25
Saudi Aramco CP	25 Apr	615.00	0.00
Argus Far East Index (AFEI)	25 Apr	538.25	+25.75

Crude futures $/t

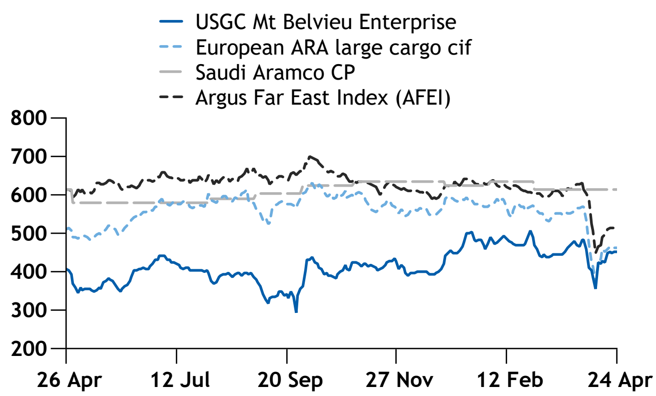


In northwest Europe, the propane market was supported this week by strength in Asia-Pacific and firmer buying interest. The bulk of regional strength came from Asia-Pacific,

Naphtha spot prices $/t



Propane key prices $/t



New PDH start-ups							
Status	Plant	Location	Grade	Capacity '000t/yr	Start-up	Remarks	Source
	Grand Pacific (Guo-heng)	China	Propylene	660	Early Feb		Industry
	Wanhua Chemical No.2	China	Propylene	900	Mid-Feb		Industry

where values surged on the back of firmer buying interest and hopes of tariff exemptions. The recovery allowed prompt east-west spread to reach the widest level since 7 April when Chinese buyers rushed to secure cargoes ahead of tariffs enactment. Meanwhile, US exports to northwest Europe have slowed down recently with only four vessels aimed at the region since 13 April.

In Asia-Pacific, propane prices rose this week despite relatively stable crude benchmarks. The reordering of trade flows from the US to southeast Asia and India to capture higher netbacks had tightened availability of evenly split ratio cargoes into northeast Asia. Regional crackers that had maximised the switch to US LPG following the loss of buying support from China, had to foot higher premiums to secure butane, traders said. The *Argus* Far East Index (AFEI) closed at $538.25/t on 25 April, changed from $512.50/t on 17 April.

PDH margins

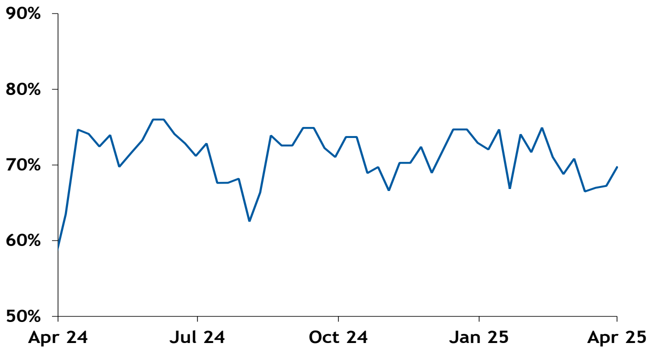
Production margin for PDH in China fell by $25/t week-on-week, according to Argus' calculations on 25 April.

China PDHs

China's PDH operating rates declined marginally to 66pc this week.

Zhejiang Satellite shut its 450,000t/yr No.1 PDH unit on 20 April to have a turnaround. Hebei Haiwei shut its 500,000t/yr PDH line on 18 April to have a turnaround without immediate restart plan. But Fujian Zhongjing restarted its 660,000t/yr No.1 PDH unit this week.

China PDH operating rates %



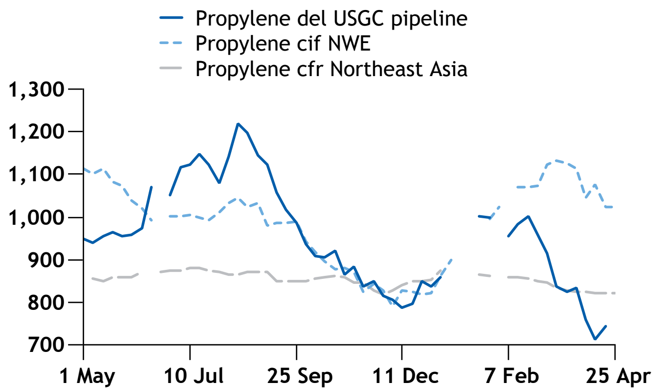
Propylene

US spot polymer-grade propylene (PGP) for April traded slightly higher during the week, with a trade at 34¢/lb on 23 April. Prices have moved higher following some outages at PDH units, including a compressor trip last week at Enterprise Products Partners' PDH-1 unit.

The European propylene market remains relaxed but has seen some activity since before the Easter holiday period. Operations are mostly running to plan and buyers are holding off making purchases in anticipation of lower prices in May. The monthly contract price (MCP) for May will be negotiated

Propylene				
	Basis	Effective date	Price	±
PGP USGC contract ¢/lb	Mar	31 Mar	44.00	-4.00
PGP USGC contract $/t	Mar	31 Mar	970.03	-88.2
PGP NWE contract €/t	Apr	31 Mar	1,080.00	-55.00
PGP NWE contract $/t	Apr	31 Mar	1,167.82	-59.47
cfr NE Asia $/t	spot (1 week change)	25 Apr	820.00	-2.50

Propylene spot prices $/t



Market highlight

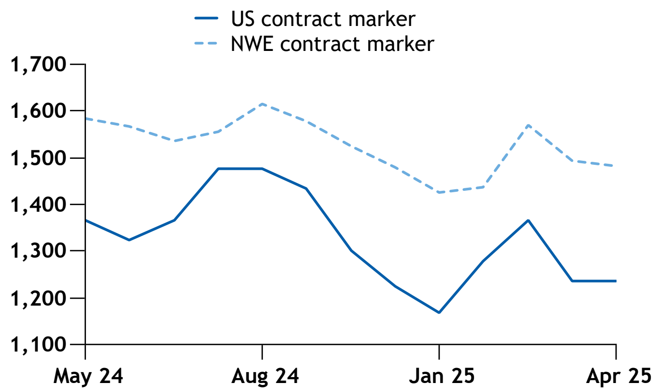
■ Propane prices in the Asia-Pacific surged on the back of firmer buying interest and hopes of tariff exemptions next week. Naphtha prices have so far averaged €75/t lower in April. Propylene producers may try to limit the decrease as usual and could point to the increasing pace of cracker closure announcements as evidence for the need to support margins, but buyers will push for the full reduction in the naphtha average to be passed through, given the more relaxed spot market.

Propylene discussions in northeast Asia were thin during the week as most consumers had limited demand for imported cargoes. Offers for South Korean cargo were unchanged at \$830-835/t on a cfr northeast Asia basis, but buyers were unwilling to place firm bids because Chinese domestic supply can fulfil requirements and prices were more competitive. Notional buying ideas were below \$820/t cfr China main ports, but no confirmed deals were concluded.

US contracts				¢/lb
	Timing	Argus Δ (month-on-month change)	Contract marker	Low / High ±
Copolymer contract marker	Mar	-4.0	58	-4.0/-4.0
Homopolymer contract marker	Mar	-4.0	56	-4.0/-4.0

US exports				¢/lb
	Basis	Price	1 week change	4 week change
Homopolymer	fas/Houston bagged	44-47	-4	-4
Homopolymer	dap/Laredo railcar	46-48	-2	-4

US vs west Europe PP homopolymer prices $/t



PRICING ANALYSIS

US

US/Canada polypropylene (PP) market participants are awaiting a settlement in the polymer grade propylene (PGP) contract market, with many anticipating a drop of as much as 6¢/lb. Spot PGP traded up at 34¢/lb on 23 April, higher from the 31¢/lb trade on 9 April that represented the lowest level of the month. The 45-day volume weighted average stood at 35.9¢/lb by mid-week, which PP market participants say is enough to justify a drop of 6¢/lb.

PGP spot prices have inched higher on recent operating issues at US propane dehydrogenation (PDH) units, with the Enterprise PDH-1 unit the latest to experience an operating challenge, following earlier issues this month at Invista's PDH unit as well as the Enterprise 2 PDH unit.

A drop of 6¢/lb might be enough to draw some PP buyers back to the market. But sources said underlying demand remains fundamentally weak due to ongoing tariff-related economic concerns. Sources have said any boost to demand would likely be temporary and would lead to reduced demand in the coming months.

Spot prices have fallen for the month, and some producers were heard to be offering aggressive deals to certain buyers. But for now, traders said most of the interest has been in widespec material, with prices close to monomer levels. Widespec prices are believed to be near a bottom, unless monomer prices fall even lower.

No production issues were heard in the market, but operations are expected to remain in the low 80pc of operating capacity level, with producers trying to balance supply and demand.

Final March data for PP from the American Chemistry Council (ACC) showed slight revisions, with total production reaching 1.546bn lb, and year-to-date production down by 0.6pc from the same period in 2024, according to the ACC's Plastics Industry Producers' Statistics Group as compiled by Vault Consulting.

Total PP sales in March were at 1.448bn lb, with exports rising to 71.7mn lb, according to the ACC. Year-to-date sales are down by 0.8pc versus 2024 levels, with exports down by 8.8pc and domestic sales down by 0.4pc over the period. Domestic sales to Canada are down by 4.8pc year-to-date, sales to Mexico are up by 2.3pc and sales to the US are down by 0.6pc year-to-date.

Domestic sales as a whole are down by 0.4pc year-to-date versus 2024. Many segments experienced growth, including: appliances (+1.8pc), furniture (+21.2pc), housewares (+4.4pc), rigid packaging (+3.7pc), and oriented film (+3.9pc). A few segments have declined from 2024, including: crates and totes (-8.5pc), non-oriented film (-13pc), fiber and filaments (-3.4pc), sales to distributors (-6.3pc), and sales to compounders (-10.9pc).

With output surpassing sales, producers added around

99mn lb to inventories in March, taking inventories to around 42 days of sales.

Demand in April has been fairly weak, with buyers still only buying as needed. Some bought a little heavier in March when they thought prices were going to fall more than they ended up falling, and so appetite for additional purchases is limited. The market remains very concerned about underlying demand in the face of economic uncertainty caused by the ongoing tariff dispute with China.

In macro-economic news, new orders for manufactured durable goods rose in March by $26.6bn or 9.2pc to $315.7bn, according to data released this week by the US Census Bureau. The increase was led almost entirely by a jump in transportation, due in large part to a 139pc jump in commercial aircraft orders. Economists suggested the jump was due to some advance purchases of products before tariffs went into effect, with many predicting a decline in new orders in the coming months.

Export activity remains limited, with global demand weak, and US prices still not that attractive. Some lower-priced material was heard offered in the Mexico market, but demand in that country remains very weak.

Mexico

Buyers in the Mexican polypropylene (PP) market remained cautious, even as prices decline, as demand remains weak.

Import prices declined during the week on expectations that US PGP contracts will fall by as much as 6¢/lb for April. But the lower prices were not enough to encourage buyers to return from the sidelines.

Demand is weak in the auto sector due to tariff concerns. PP raffia is also facing weak demand due to limited demand for fertilizers in the Mexican market, according to one source.

The US government's decision to impose tariffs on vessels built in China has raised concerns over its potential impact on polymer-grade propylene (PGP) shipments to Mexico. Market participants have been evaluating whether key petrochemical supply routes would face additional costs and logistical challenges.

Mexican PP producer Indelpro's operations in Mexico rely on US-origin PGP shipments, but the company has confirmed to *Argus* that the ships used for transportation are not Chinese-built or operated by Chinese maritime firms. As a result, Indelpro will not be affected by the newly imposed tariffs.

Latin America

The South American polypropylene (PP) market experienced shifting dynamics this past week, with demand fluctuations, logistical bottlenecks, and strategic buying trends shaping transactions.

Despite some isolated activity, overall demand was low this week, impacted by the Easter holiday and end-of-month activities.

With imported PP seeing sluggish demand in Brazil, traders reported that buyers continue to avoid US-made material, particularly in Brazil, opting instead for regional and Middle Eastern alternatives.

Furthermore, many buyers are waiting to see Brazilian resin manufacturer Braskem's pricing strategy for next month before making purchasing decisions. Braskem maintained stable PP prices in April across all grade families, following consistent increases since January. From January to March, PP prices in Brazil rose by $282/t.

In the west coast South America (WCSA), PP buyers continue to favor Asian material due to lower freight and fob prices, with China and South Korea leading the shipments. Nevertheless, *Argus* heard that a general rate increase (GRI) shipping surcharge for Asian freight is anticipated for May shipments but has yet to take effect.

Meanwhile, freight challenges continue to disrupt trade flows. US-based freight rates remain stable, but port congestion has led to frequent booking rollovers, thus delaying shipments. Logistical bottlenecks persist in Colombia, with congestion reported at the ports of Cartagena, in the Atlantic, and Buenaventura, in the Pacific, while the port of Navegantes in Brazil's south remains problematic.

In Central America, PP sourcing continues primarily from the US alongside PE and PVC. However, Asian material struggles to remain competitive, particularly in Guatemala, the largest market in the region.

Traders reported good availability of US-origin material, with an overall downward price trend in both Brazil and the WCSA.

Still in the WCSA, the re-election of Ecuador's President Daniel Noboa two weeks ago brought a sense of stability to the country, with Ecuadorian buyers becoming increasingly active in the market.

Meanwhile, Argentina saw slightly increased resin demand. *Argus* heard the local PP producer with competitive prices for PP homopolymers at $1,450-1,500/t spot Buenos Aires. The company's PP copolymers were heard $100/t more expensive than homopolymers, a price considered too high this week for spot material.

The market overall is also seeing an increase in direct Chinese re-export offers with credit, a trend that has been ongoing for some time and is viewed negatively by many in the industry.

Also in China, an unofficial government list is circulating that reportedly exempts some US polyolefins from tariffs. While not yet confirmed, several traders indicated that this is expected to move the markets upward.

Europe

Activity in the European polypropylene (PP) market remained subdued with a short working week in many countries after the Easter holiday, and with a backwardated pricing structure going into May.

Market participants mostly remained on the sidelines as they awaited the settlement of feedstock propylene's monthly contract price (MCP) for May, which is expected to come through next week at a steep decrease against the April MCP. This was owing to a bearish backdrop on upstream oil prices seen this month along with a strengthening in the euro's exchange rate to the US dollar, with naphtha averaging €75/t lower in April against the March average of €565/t.

The uncertain outlook on EU's trade relations with the US has also shaken many buyers' confidence. Although having no direct implications on the PP trade owing to the EU seeing little to no supply exposure to US, there could be spillover implications for many European value chains. The imposition of import tariffs was suspended for 90 days on 10 April, but concerns remain amid some views that trade negotiations between the EU and the US may not reach a timely conclusion before July. And 25pc tariffs on all automotive imports into the US from EU, among other countries, remain in place during this period, which is already taking a toll on PP demand in Europe from that segment.

Against this backdrop and with supply being ample in Europe, many buyers have taken the backseat with targets of replenishing PP volumes at lower prices in May. And they are also helped by holiday closures at many buyers' plants reducing their prompt requirements.

PP contract prices in April have mostly settled in line with feedstock propylene's April MCP at a €55/t decrease. Some instances of settlements at steeper than monomer decreases were also reported, mostly where underlying prices were relatively high, and some sellers were also heard lowering their offers after the Easter break to move volumes. But many buyers are not as convinced of procuring further volumes in April even where offered at further decreases, and are instead showing a preference of deferring procurement to May with targets of steeper decreases. This has also resulted in some instances of buyers running down their stocks.

For all PP grades, the *Argus* deltas for April stand at a €55/t decrease – indicating producers' gross margins being stable month on month.

Western Europe contracts €/t

	Timing	Argus Δ (month-on-month change)	Contract marker	Low / High ±
Copolymer contract marker	Apr	-55.0	+1355	-70.0/-40.0
Homopolymer contract marker	Apr	-55.0	+1305	-70.0/-40.0

Northwest Europe spot €/t

	Basis	Price	1 week change	4 week change
Homopolymer	del	1,075-1,150	+1 ▲	-50 ▼
Raffia	del	1,050-1,125	+1 ▲	-50 ▼
Block copolymer	del	1,100-1,175	+1 ▲	-50 ▼

Looking forward towards May, many buyers are expected to be faced with an ongoing need to restock, given the seasonal peak demand season ahead of the summer holiday period. While underlying demand conditions remain weak in many value chains, there are some signs of relative stabilisation. The eurozone's manufacturing purchasing managers' index (PMI) flash reading came at a slight increase at 48.7 in April, the highest in 27 months and up from 48.6 in March. But a reading of below 50 shows continued contraction in the European manufacturing sector. And the economic outlook remains relatively stagnant for Europe with the overall uncertainty on tariffs keeping many buyers' focus on maintaining discipline on stocks and ensuring resilience in working capital positions.

There could be some variances among the segments, with buyers exposed to the fast-moving consumer goods segment having more appetite to restock as demand in those value chains holds in better shape. But the overall scope for demand improvement for PP could remain limited given its relatively high exposure to durable and rigid packaging segments that are faced with low demand, alongside big-ticket purchases.

Meanwhile, some buyers could also opt to build some buffer stock in May, if sensing a price bottom – given the relative stabilisation in upstream crude and naphtha prices over the past two weeks. But that will depend on the magnitude of price decreases accorded by PP producers in May, and such an outcome might not come to fruition if PP producers target some recouping of margins to capitalise on restocking needs. Such targets could be guided by imports being fended off from Europe amid relatively narrow arbitrages, and as producers in the Middle East and rest of Asia shift their focus to target the Chinese market. This is owing to the imposition of import tariffs by China on US-origin propane, which has disadvantaged the production economics of Chinese propane dehydrogenation (PDH) units – and in turn, raised the cost base for Chinese PP producers. But the situation remains fluid and much will depend on the shape of PP demand in the Chinese market over the coming months. If such a scenario comes to fruition, this could prove to be a silver lining for European PP producers in an otherwise depressed domestic market.

Planned maintenances are ongoing at PP plants in the Netherlands and in central eastern Europe. A cracker in north France faced an unplanned shutdown this week owing to a power outage, but it was not known whether production was affected at an adjacent PP plant that sources feedstock propylene from the cracker.

Europe remains vulnerable to capacity closures going forward owing to being at a cost disadvantage to other regions. The planned closure of one of TotalEnergies crackers in Antwerp by the end of 2027 reflects this phenomenon. The company has not announced any downstream closures, instead linking the closure plan to the loss of a large ethylene contract. The Antwerp site supplies feedstock to TotalEnergies' large PP plants in Feluy. After the cracker closure, there will be a need to source more propylene from the market to keep all the capacity running. Availability should not be an issue given the expected start up of a new PDH unit by then, but it may be complicated by logistics and considerations of feedstock grades.

Even more questions are raised in the short term about PP production in Germany. Dow announced that it will study the idling or closure of its Boehlen, Germany, cracker with a decision expected by mid-year. In the case of a closure, supply of feedstock propylene to Braskem's 360,000 t/yr PP plant in Schkopau could be disrupted.

PP spot prices were assessed stable this week in a subdued market. Some trades for import-origin PP homopolymer grades were heard at €1,050/t ddp for forward delivery in July, but prices for prompt delivery remain above these levels – and mostly in the range of €1,100s on a ddp northwest Europe basis. But many sellers are eager to reduce their risk exposure by offloading inventories, and it remains to be seen if spot prices come under renewed downside pressure next week.

Russia and CIS

PP prices decreased this week as Russia's largest PP producer, Sibur Holding, reduced its prices for all grades by 8,333 roubles/t ($100/t). The price reductions were an attempt by Sibur Holding to stave off an influx of imports of finished products because the Russian rouble has strengthened against the US dollar. Prices for products made at private-sector firm Lukoil's Stavrolen facility and state-controlled

Russia and CIS domestic				*Roubles/t*
	Basis	Price	1 week change	4 week change
Raffia	cpt inc VAT	120,000-140,000	-4,000.0 ▼	-4,750.0 ▼
PP homopolymer	cpt inc VAT	131,500-142,000	-4,000.0 ▼	-5,500.0 ▼
Block copolymer	cpt inc VAT	141,000-154,000	-1,000.0 ▼	-2,000.0 ▼

Bashneft's Ufaorgsintez plant decreased in line with Sibur Holding's price reductions. Azeri state-owned Socar Polymer's prices for the product will probably be revised at the end of April, market participants said.

Meanwhile, traffic restrictions on roads in Bashkiria remain in place from 1-30 April.

Prices for PP raffia fell to Rbs100,000-116,667/t ($1,207-1,408/t) cpt Moscow compared with Rbs106,667-116,667/t a week earlier. Prices for the product from all Russian producers edged down.

There was no information about PP imports this week.

PP homopolymer injection grades were assessed at Rbs109,583-118,333/t ($1,323-1,428/t) cpt Moscow, down from Rbs114,167-120,417/t a week earlier. All Russian producers reduced their prices for the product. Offers of PP grade 01130 Balen produced at the Ufaorgsintez plant resumed this week, but supply was minimal, traders said.

The price range for PP block copolymer grades widened to Rbs117,500-128,333/t (1,418-1,549/t), compared with Rbs119,167-128,333/t a week earlier. Bashneft Ufaorgsintez and Sibur Holding both reduced their prices for the product.

Prices for PP random copolymer grades decreased to Rbs125,833-134,167/t cpt Moscow from Rbs134,167/t a week earlier.

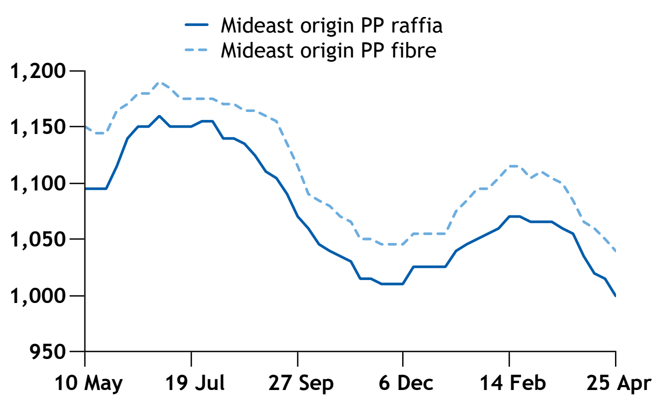
Turkey

Polypropylene (PP) import prices into Turkey fell this week across all grades. Prices for PP raffia and block copolymer grades saw the steepest decreases.

Demand remains low despite expectations the market would pick up following the Eid al-Fitr holiday nearly a month ago. Market participants are still waiting for clarity on US tariffs, leading purchasers to only buy what they need in the short-term. *Argus* heard that around half of PP fibre buyers had halted production at their plants owing to uncertainty on exporting their products to the US. Some market participants expected prices to remain bearish in May and possibly in June, but some purchases may pick up next week because of low inventories.

An earthquake hit Istanbul on Wednesday, recorded at 6.2 on the Richter scale. It caused little physical damage but

Turkey homopolymer prices $/t



scared residents, causing further hesitancy for some market participants. Major demand hubs for PP in Turkey are located far from Istanbul, so most converters' operations were not directly affected.

Middle East-origin PP raffia was assessed at $990-1010/t cfr, down $15/t. South Korean offers were heard at $1,030-1,050/t cfr. CIS-origin PP Raffia was assessed at $990-1,010t) cfr, $25/t lower than last week.

Middle East-origin PP fibre was assessed at $1,030-1,050/t cfr, $10/t lower than the previous assessment. CIS-origin PP fibre was assessed at $1,040-1,050/t cfr, down $10/t on last week.

Middle East-origin PP fibre non-woven was assessed at $1,040-1,060/t cfr, $10/t lower than the last assessment.

Middle East-origin BOPP film was assessed at $1,010-1,030/t, a decrease of $10/t.

Middle East-origin PP block copolymer was assessed at $1,060-1,080/t, $20/t lower than the last assessment. South Korea-origin PP block copolymer was assessed at $1,100-1,110/t cfr, also down $20/t.

Middle East

Gulf Co-operation Council (GCC) polypropylene (PP) prices were assessed stable this week on flat demand and thin trades.

PP raffia prices were stable at $980-1,010/t del GCC. PP block copolymer prices were unchanged at $1,070-1,100/t del GCC. Biaxially-oriented PP film prices held at $1,050-1,080/t del GCC. PP raffia prices in Jordan and Lebanon rolled over at $1,090-1,120/t del Jordan/Lebanon. Spot offers were limited across both regions.

Limited restocking interests kept demand stable this week. Buyers continued to buy on a need-only basis and looked to negotiate for lower prices. Buyers in other major export markets were also cautious and sought to avoid restocking in bulk, moving buying cues below supplier's expectations. Buying activity in May could see an uptick should inventory levels drop below acceptable levels and converters look to restock before the start of a seasonal decline in demand across markets from June onwards.

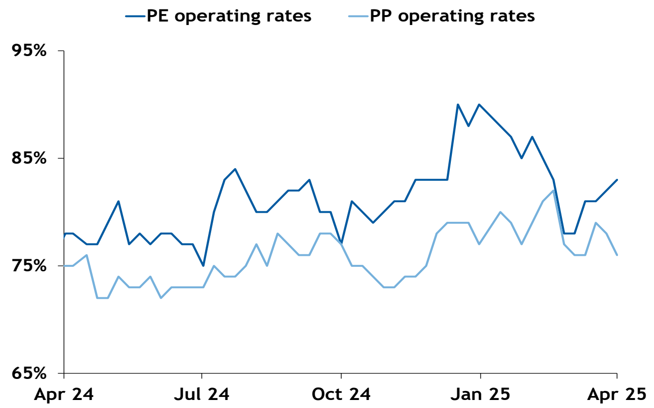
China

Domestic PP prices softened with earlier losses in PP futures and tepid trades, while import prices were largely stable on thin discussions.

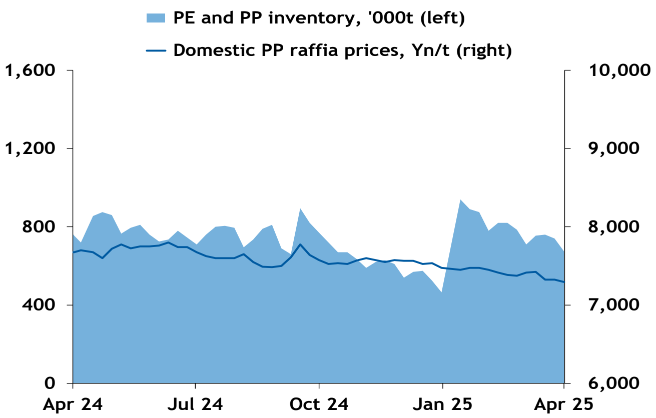
PP futures rose on 25 April, back to the same level at the beginning of week, driven mainly by expectations of easing tariff tensions between China and US. But downstream converters were cautious of restocking feedstocks in view of uncertainties in tariffs.

Spot prices also softened with weakening fundamentals, and domestic sellers gave concessions in prices to boost sales. Ex-works prices of PP raffia in east China ranged between 7,190-7,400 yuan/t in east China, while ex-works

China PE, PP plant operating rates %



Sinopec and PetroChina inventory vs PP prices



China domestic				*Yn/t*
	Basis	Price	1 week change	4 week change
Copolymer	ex-works	7,340-7,650	-30 ▼	-145 ▼
Raffia	ex-works	7,190-7,400	-30 ▼	-120 ▼

Market highlight

- Polyethylene and PP inventories at Sinopec and PetroChina fell to 675,000t on 24 April, down by 65,000t from one week ago.

prices of PP co-polymer in east China ranged between Yn7,340-7,650/t, both were down by Yn30/t from the previous week.

Polyethylene and PP inventories at Sinopec and PetroChina fell to 675,000t on 24 April, down by 65,000t from one week ago, following a series of maintenances of PP plants. And it was 110,000t lower than the same period of previous year.

The average PP operating rates in China decreased by two percentage points to 76pc on the week with more PP outages. CNOOC Daxie is conducting a two-week maintenance at its 300,000t/yr PP plant from 18 April. Ningxia Baofeng shut its 300,000t/yr PP plant for maintenance during 22-29 April. Jinneng Chemical also started maintenance at its No. 3 450,000 t/yr PP unit from 22 April. Some plants also restarted during the week. Sinopec Yangzi ended the planned maintenance at its 100,000 t/yr PP unit on 18 April. CNOOC Shell resumed production at its 300,000 t/yr PP plant on 20 April.

"Trading activities in export market picked up slightly compared with last week", a major exporter said. PP raffia was offered at $890-920/t fob China with more transactions concluded between $880-900/t fob China, and some limited trades were concluded at $900-910/t fob China, representing a $5/t drop compared with the previous week. PP block co-polymer was offered at $900-990/t fob China with small volumes transacted between $895-975/t, unchanged from the previous range. PP non-woven fiber grade was offered at $910-950/t fob China with limited deals done at $910-935/t, the same as the previous week. These traded volumes mainly destined for southeast Asia, south Asia and Africa.

Import discussions on May loadings were limited this week. A Middle Eastern origin producer quoted PP raffia and PP injection at $900/t cif China and PP block co-polymer at $920/t cif China, loading in May. Both availability of cargoes and buying interests remained limited, and no transactions were concluded. South Korean origin PP block co-polymer with 1.7pc import tariff was transacted at $910/t cfr China. The workable level for import PP raffia prices were noted at $865-900/t cfr China, up by $3/t than last week. Import PP co-polymer prices were assessed at $865-920/t cfr China, down by $3/t from previous week.

Southeast Asia and Vietnam

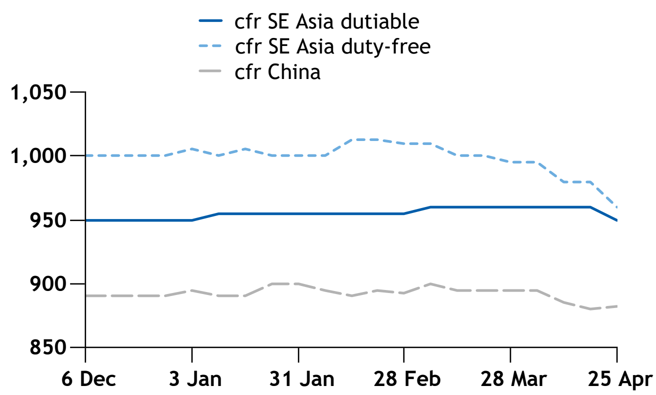
PP prices fell in southeast Asia with regional sellers offering substantial discounts, likely to get rid of stocks because of persistently weak downstream demand and threats from the abundant Chinese PP supplies. Chinese-origin PP raffia offers fell to $935-950/t cfr southeast Asia this week, but there were talks of possibility of higher freight rates from China to southeast Asia in the coming weeks.

A key Indonesian PP producer revised its term contract alpha for most PP homopolymer grades from $25-40/t to $0/t with effect from 28 April likely to protect its market share, resulting in extremely competitive domestic PP prices. This has led to PP importers and local buyers becoming even more cautious when sourcing imported supplies. PP trades are expected to slow down in the Vietnamese market next week with participants expected to be off the market from 30 April-4 May for the Labour Day holidays.

Dutiable PP raffia prices fell to $940-960/t cfr southeast Asia. Saudi-origin PP homopolymer offers were placed at $960/t cfr southeast Asia to consumers. Chinese-origin PP raffia offers were placed at $935-950/t cfr southeast Asia. Dutiable PP block copolymer prices fell by $10/t to $990-1,010/t cfr southeast Asia. Saudi-origin PP block copolymer offers were placed at $990/t cfr southeast Asia to consumers.

Duty-free PP raffia prices fell by $20/t to $950-970/t cfr southeast Asia. Vietnamese, Malaysian and Thai-origin PP raffia offers were placed at $950-970/t cfr southeast Asia,

SE Asia vs China PP raffia prices *$/t*



with deals possibly done. PP block copolymer prices also fell to $1,000-1,020/t cfr southeast Asia. Thai-origin PP block copolymer offers were placed at $1,020/t cfr southeast Asia for May shipments, but no deals could be confirmed.

PP raffia prices fell by $10/t to $920-940/t cfr Vietnam. Saudi-origin PP injection offers were placed at $940/t cfr Vietnam. Chinese-origin PP raffia offers were placed at $920-930/t cfr Vietnam, with deals possibly done.

South Asia

Indian polypropylene (PP) prices were assessed lower this week as new offers were made to the market. Demand stayed flat on weak restocking interests.

Indian PP raffia prices were assessed $20/t lower at $930-960/t cfr India. Chinese origin cargoes were offered at $935/t cfr India. A Saudi producer offered cargoes at $950/t cfr India. Another Saudi producer offered cargoes at $960/t cfr India. PP block co-polymer prices rolled over at $1,000-1,020/t cfr India. Spot offers were limited for the block co-polymer grade.

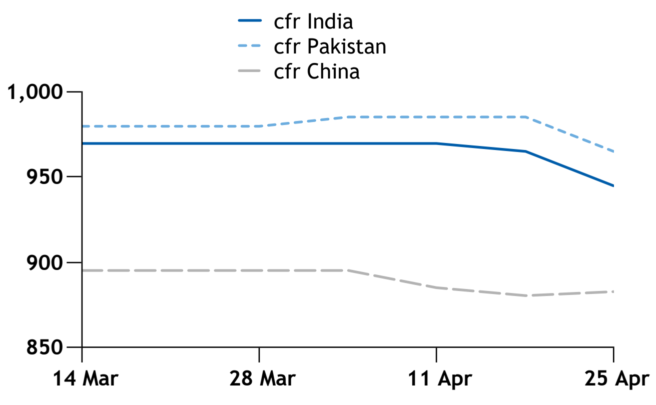
Domestic producers announced volume based incentive schemes to spur buying activity in the market. Demand in the region remained soft as buyers continued to restock on a need only basis. Market participants stayed cautious for the next cycle, as they awaited a further reaction following the declaration of discounts, given fresh import offers were placed lower than last month.

Pakistan PP raffia prices were assessed $20/t lower at $950-980/t cfr Pakistan. A Saudi producer offered cargoes at $955/t cfr Pakistan. Chinese origin cargoes were offered at $950/t cfr Pakistan. Limited quantities were sold at $935/t cfr Pakistan. PP block co-polymer prices held at $1,020-1,060/t cfr Pakistan. Spot offers were limited.

Bangladeshi PP raffia prices were assessed $35/t lower at $950-970 /t cfr Bangladesh. A key Saudi producer offered cargoes at $970/t cfr Bangladesh. Another Saudi producer offered cargoes at $970/t cfr Bangladesh, with cargoes at $955/t cfr from a different channel. Chinese origin cargoes were offered at $955/t cfr Bangladesh. PP block copolymer prices were stable at $1,020-1,050/t cfr Bangladesh. Spot offers were limited.

Sri Lanka PP raffia prices remained at $1,000-1,040/t cfr Sri Lanka. Spot offers were limited. Nepalese PP raffia prices were also unchanged at $1,020-1,060/t cpt Nepal. Spot offers were limited.

South Asia vs China raffia prices *$/t*



FUNDAMENTALS

Global production news

ExxonMobil Baytown olefins plant flares

ExxonMobil's olefins complex in Baytown, Texas, reported flaring last week after experiencing an unspecified operational issue.

Flaring began on 16 April, according to a notice with the East Harris County's Manufacturers Association CAER online system. The company was working to restore normal operations.

Affected units were not disclosed. The site is home to three crackers with 3.8mn metric tonne (t)/yr of combined capacity.

The company did not immediately respond to request for comment.

Discussions for April EPC ethylene were yet to emerge on Monday morning. *Argus* assessed EPC ethylene for April delivery at 17.75¢/lb on Thursday, based on deals transacted at a range of 17.5-18¢/lb.

TotalEnergies plans Antwerp cracker closure

TotalEnergies has announced plans to close one of the two crackers at its integrated refining and petrochemicals complex in Antwerp, Belgium by the end of 2027.

The Antwerp complex is "facing considerable overcapacity in the petrochemicals market", the firm said.

The company does not expect to close any downstream petrochemical units at Antwerp and stressed that the cracker is not integrated into its own downstream polymer production. Rather, its exposure to the merchant market has contributed to the closure, with the company highlighting the non-renewal of a major third-party ethylene contract by the end of 2027 as the main driver for the announcement.

The unit marked for closure has a nameplate ethylene capacity of 570,000 t/yr and propylene capacity of 255,000 t/yr. It mainly runs on naphtha but has some flexibility to use propane and butane as feedstock. The planned closure will come shortly after the expected start-up of a new 1.45mn t/yr ethane cracker in Antwerp being built by UK-based Ineos.

TotalEnergies said it will focus on its other Antwerp cracker, which has 600,000 t/yr of ethylene capacity and is fully integrated with similar-capacity polyethylene units at Antwerp and Feluy. While the closure will not impact TotalEnergies' internal ethylene balance, it will tighten internal propylene supply for the company's 930,000 t/yr polypropylene capacity at Feluy.

The cracker closure is part of wider plans for the Antwerp complex announced today, which include wind power, electrification and battery storages and sustainable aviation fuel production.

LyondellBasell targets 85pc cracker run rate in 2Q

LyondellBasell expects utilization of its olefins and polyolefins plants in the US to increase by 5 percentage points in the second quarter to 85pc of capacity as crackers return from maintenance and an unplanned outage, the company said today.

The company expected its first-quarter utilization rate of 80pc because of a planned turnaround in Channelview, Texas, but the rate was still 10 points lower than the first quarter last year.

Maintenance teams in Channelview are concluding a 60-day turnaround at the company's largest US olefins producing facility that began in February. That turnaround involved work on one of its two 930,000 metric tonne (t)/yr crackers, its 473,000t/yr Flex-1 metathesis unit, and its C4 processing unit.

Another key factor increasing second-quarter operating rates is the restart of the LyondellBasell's 1.54mn t/yr joint venture cracker with Sasol in Lake Charles, Louisiana. This is the company's largest US cracker, which had an unplanned shutdown in the first quarter. Also in the first quarter, a winter storm in January took other olefins-producing assets offline. The second quarter historically is absent of weather events like freezes and hurricanes that can curtail cracker operations.

This second-quarter's 5 percentage point increase in operating rates comes against the backdrop of major uncertainty surrounding both US ethane and polyethylene (PE) exports to China. Beijing announced 34pc retaliatory tariffs on US goods on 4 April, then raised these to 125pc on 11 April in response to tariffs imposed by the US on Chinese manufactured goods. The sky-high rates apply to key petrochemical feedstocks LPG and ethane, as well as imports of US polyethylene.

If US ethane is not exempted from China's tariff, LyondellBasell said its ethane-based production in the US would likely benefit from lower ethane feedstock costs.

US ethane and certain grades of PE may be on a list of 130 products that China plans to exempt from its across-the-board tariffs on US goods, LyondellBasell said, citing "rumors" that it has also heard from its Asian customers.

The uncertainty around trade caused LyondellBasell to reduce its planned capital expenditure for this year to $1.9bn, down from $2.2bn. But the company is neither cancelling nor delaying plans for its new $800mn Flex-2 metathesis unit in Channelview, Texas, which was announced at the beginning of March. Construction for that unit will begin in late 2025, and operations are scheduled to begin in late 2028. It will have a capacity of 400,000 t/yr of propylene and is expected to add $150mn/yr to earnings. In LyondellBasell's view, ethylene-to-propylene conversion technology has greater reliability and lower capital and carbon intensity than the major competing technology, propane dehydrogenation (PDH). Overall, the company views reducing its net long position in ethylene and its net short position in propylene as essential.

The company during the first quarter closed its Houston refinery, which produced 164,000 t/yr of propylene.

Dow studying German cracker and chlorine/vinyl closures

Dow has announced an expansion of its strategic review of European assets, which it said may result in the potential idling or shutdown of its cracker in Boehlen, Germany, chlor-alkali and vinyl assets in nearby Schkopau, also in Germany, and the shutdown of siloxanes production in Barry, UK. The company aims to complete the review, including the initial scope of its polyurethanes business by mid-year.

The European actions are part of a package of measures aimed at delivering $6bn in cash support to help it manage the current downturn. Outside Europe, Dow said that it would also delay construction of its Path2Zero project in Fort Saskatchewan, Alberta, Canada until market conditions improve. The total includes $1bn in costs savings by 2026, $1bn in capital expenditure savings and proceeds from the sale of a stake in a newly-formed infrastructure-focused company resulting in the sale of a minority stake in select US Gulf Coast infrastructure assets.

The measures were announced as Dow reported first quarter 2025 results with a net loss of $290mn, down by $444mn year on year, primarily driven by lower prices and higher energy and feedstock costs. Sales of $10.4bn were down by 3pc on the year but with a volume increase of 2pc.

Dow chief executive Jim Fitterling said: "The significant impact of slower GDP growth and volatile market conditions on our industry underscores the importance of our proactive

Plant maintenance, outages and disruptions

Status	Plant	Location	Grade	Capacity '000t/yr	Duration	Remarks	Source
	LyondellBasell Brindisi	Europe	PP	235	Jan 2024 - permanent	Closure	Producer
	ExxonMobil Lillebonne	Europe	PP	270	End May 2024 until present	Force majeure announced amid industrial action	Industry
	ExxonMobil Lillebonne	Europe	PP	270	2H 2024 - permanent	Permanent closure	Producer
	Braskem Schkopau	Europe	PP	363	26 Nov 2024 until present	Force majeure announced	Industry
	TotalEnergies Gonfreville	Europe	PP	240	16 Jan until present	Force majeure announced	Industry
	Orlen Unipetrol	Europe	PP	300	Mid-Apr - 6 Jun	Planned maintenance	Industry
	Reliance Industries	India	PP	300	20 Jan for two weeks	One line shut for maintenance	Industry
	Wuhan Petrochemical	China	PP	120	10 Nov 2021 until present	Maintenance	Producer
	Haiguo Longyou Daqing Lianyi Petrochemical	China	PP	200	Apr 2022 until present	Maintenance due to margin concerns	Producer
	Haiguo Longyou Daqing Lianyi Petrochemical	China	PP	350	3 Apr 2022 until present	Maintenance due to margin concerns	Producer
	Sinopec Tianjin No.2	China	PP	200	1 Jul 2022 until present	Unplanned outage due to technical problems	Producer
	PetroChina Jinxi	China	PP	150	8 Feb 2023 until present	Maintenance	Producer
	Qinghai Saltlake	China	PP	160	12 Jul 2023 until present	Planned maintenance extended	Producer
	Changzhou Fund	China	PP	300	1 Nov 2023 until present	Maintenance due to margin concerns	Industry
	Wanhua Chemical	China	PP	300	10 May 2024 for a long period	Relocation	Producer
	Hongrun Petrochemical	China	PP	450	8 Aug 2024 until present	Planned maintenance extended	Producer
	Shaoxing Sanyuan No.2	China	PP	300	22 Aug 2024 until present	Maintenance due to margin concerns	Producer
	PetroChina Dalian	China	PP	70	1 Nov 2024 until present	Relocation	Producer
	Guangxi Hongyi New Material	China	PP	150	28 Nov 2024 until present	Planned maintenance extended	Producer
	Sinopec Qilu	China	PP	70	6 Jan until present	Planned maintenance	Producer
	Sinopec Luoyang	China	PP	80	6 Feb until present	Planned maintenance extended	Producer
	Sinopec Shanghai No.1	China	PP	100	24 Mar - 4 May	Planned maintenance postponed	Producer
	Beihai Refinery	China	PP	200	25 Mar - 25 May	Planned maintenance postponed	Producer
	Oriental Fuji Phase 2 No.1	China	PP	400	11 Mar until present	Maintenance extended	Producer
	Sinopec Jiujiang	China	PP	100	15 Mar - 5 May	Planned maintenance	Producer
	Zhongjing Petrochemical Phase 1 No.2	China	PP	500	13 Mar - end Apr	Maintenance extended	Producer

management and best-owner mindset. Today's announcements build on Dow's cost actions that are already underway, aiming to further strengthen our financial flexibility and support a balanced capital allocation approach."

Dow's cracker in Boehlen has an annual ethylene nameplate capacity of 540,000 t/yr, with propylene capacity of 285,000 t/yr. The review comes in the same week that TotalEnergies announced a plan to close one of its Antwerp crackers by the end of 2027. LyondellBasell, which is also reviewing a number of European chemical assets, will announce its first quarter 2025 results tomorrow.

At Schkopau, Dow operates a chlor-alkali unit with 250,000 t/yr chlorine capacity and 740,000 t/yr ethylene dichloride capacity. The site previously had around 330,000 t/yr of capacity for chloride monomer (VCM) production, with two lines operating at the site, but Dow closed the larger of the two lines to reduce capacity to roughly 110,000 t/yr of VCM earlier this year.

China's petchems sector scrambles for tariff solutions

China's tariffs on ethane and propane may give a major boost to naphtha demand.

Beijing announced 34pc retaliatory tariffs on US goods on 4 April, then raised these to 125pc on 11 April in response to tariffs imposed by the US on Chinese manufactured goods. The sky-high rates apply to key petrochemical feedstocks LPG and ethane, as well as imports of US polyethylene. China imported 500,000 b/d and 260,000 b/d of LPG and ethane, respectively, from the US in January-March, representing 55pc and 100pc of its total imports of the products. Imported ethane is mainly used to produce ethylene, while propane imports are used in propane dehydrogenation (PDH) units to make propylene.

Chinese petrochemical firms are desperately trying to find workarounds to the tariffs — importing the feedstocks under processing trade terms, and petitioning Beijing to lower the tariffs to 20-30pc. There is as yet no indication that these attempts will bear fruit, suggesting that petrochemical firms will have to replace ethane and propane with naphtha — absent a matching loss in demand. China has already raised its naphtha import quota by 140,000 b/d this year to 440,000 b/d. But the need to substitute imported petrochemical feedstocks could push naphtha demand higher by 400,000-470,000 b/d, suggesting that domestic

Plant maintenance, outages and disruptions

Status	Plant	Location	Grade	Capacity '000t/yr	Duration	Remarks	Source
	Pucheng Energy	China	PP	400	15 Mar - 30 Apr	Planned maintenance	Industry
	Jinneng Chemical Phase 1 No.1	China	PP	450	21 Mar - end Apr	Planned maintenance	Producer
	Hengli Petrochemical	China	PP	200	27 Mar for one month	Planned maintenance	Producer
	Jinan Refinery	China	PP	120	13 Apr for two months	Planned maintenance postponed	Producer
	Hainan Refinery	China	PP	200	12 - 22 May	Planned maintenance postponed	Industry
UPDATE	Jinneng Chemical Phase 2 No.2	China	PP	450	22 Apr for around one month	Planned maintenance	Producer
	Sinopec Yangzi No.1	China	PP	100	10 - 18 Apr	Planned maintenance	Producer
	Sinopec Sabic Tianjin	China	PP	450	20 Apr - 5 Jun	Planned maintenance	Producer
	Ningbo Kingfa Material No.2	China	PP	400	15 Apr for one month	Planned maintenance	Producer
NEW	CNOOC Ningbo Daxie	China	PP	300	18 Apr for two weeks	Planned maintenance	Producer
NEW	Ningxia Baofeng No.1	China	PP	300	22 - 29 Apr	Planned maintenance	Producer
NEW	Shenhua Ningmei No.5	China	PP	300	23 - 25 Apr	Planned maintenance	Producer
	Sinopec Yueyang	China	PP	100	20 Apr - 20 Jun	Planned maintenance	Industry
	PetroChina Liaoyang	China	PP	300	22 - 28 Apr	Planned maintenance	Industry
	Ningbo Formosa	China	PP	170	25 Apr - 5 May	Planned maintenance	Industry
	Ningbo Formosa	China	PP	280	25 Apr - 5 May	Planned maintenance	Industry
	Gulei Refinery	China	PP	350	12 - 21 May	Planned maintenance	Producer
	Shanghai Secco	China	PP	250	13 - 23 May	Planned maintenance	Producer
	Petron	Philippines	PP	160	Jan 2024 - until present	Plant shutdown extended beyond October	Industry
	PRefChem No. 1	Malaysia	PP	450	End Jan - May	Plant is operating at reduced rates	Industry
	PRefChem No. 2	Malaysia	PP	450	Sep 2024 - mid-Jan 2025, end Jan - May	Plant shut between late January to May alongside cracker, RFCC shutdown	Industry
	Lotte Chemical Titan	Malaysia	PP	200	Mid-Dec 2024	Plant is expected to operate at reduced rates	Industry
	JG Summit Petrochemical	Philippines	PP	300	End Dec 2024	Plant to be shut indefinitely from late December 2024	Producer
	Hyosung Vietnam	Vietnam	PP	300	Mid-Feb for one month	Planned maintenance	Industry
	Hyosung Vietnam	Vietnam	PP	300	Mid-Mar for one month	Planned maintenance	Industry
	IRPC	Thailand	PP	100	Mar for around one month	Planned maintenance	Industry
	IRPC	Thailand	PP	150	1H Mar for around two weeks	Planned maintenance	Industry

naphtha production will have to rise by 270,000-340,000 b/d (see table).

"We still have some ethane inventories, but our runs in the second half of the year are dependent on tariffs," one ethylene producer says. A 34pc import tariff on ethane would raise cracking costs by $170/t, turning previously positive margins to a deeply negative -$112/t. This would still be more profitable than cracking naphtha into ethylene. It takes only 1.3t of ethane to produce 1t of ethylene, compared with 2.75t of naphtha. But taxed at 125pc — as has been the case since 12 April — ethane is uncompetitive against even naphtha.

If the tariff remains at 125pc, ethane imports will plummet to zero. If Beijing lowers taxes to 34pc, ethane imports may fall by half from the first quarter. Even this would lead to a significant 1.1mn t loss in ethylene output over July-December. To compensate, China could turn to naphtha as feedstock, requiring an extra 70,000-140,000 b/d just for ethylene production. Only 10pc of China's crackers can switch from LPG to naphtha as feedstock, but any ethylene shortfall would allow naphtha-based steam crackers to run harder.

This would add to naphtha demand growth coming from new naphtha-based steam cracking units due on line this year. Two plants — Wanhua's 1.2mn t/yr facility in Shandong and ExxonMobil's 1.6mn t/yr unit in Guangdong — opened in early April. Both have been buying naphtha and were expected to contribute a 100,000 b/d boost to demand this year.

If PDH units cut run rates because they can no longer afford US propane, it is likely to strengthen margins at naphtha-fed crackers. Regional propane prices have fallen as a result of lower demand from China, encouraging South Korea and Japan to import more propane and less naphtha. This has made naphtha imports cheaper in China (see graph: Propane, delivered Asia).

Were China to supplement higher imports with higher naphtha output, its refineries may need to run harder — the trade war may, simultaneously, boost gasoline pool naphtha demand. Much hinges on whether higher costs reduce demand for petrochemicals. US import tariffs threaten China's textile exports — 17pc of which, worth $51bn, went to the US in 2024. Polyester, a heavy naphtha derivative, accounts for 60-70pc of China's textile feedstock. Premiums for polyester feedstock paraxylene against naphtha were already weakening.

New start-ups

Status	Plant	Location	Grade	Capacity '000t/yr	Start-up	Remarks	Source
	Advanced Polyolefins	Saudi Arabia	PP	800	1Q	Start-up delayed from December 2024	Industry
UPDATE	Shandong Yulong Phase 1	China	PP	1100	Nov 2024	Refinery started up from late September. Trial runs completed in November, ramped up at the end of December 2024. No.1 400 KTA unit under maintenance during mid-February - early April, No.3 400 KTA unit under maintenance from 17 March - early April. No.5 300 KTA unit under maintenance from 13-24 April.	Producer
UPDATE	Baofeng Energy Inner Mongolia	China	PP	1500	Nov 2024	Completed trial runs in late November. Started commercial runs at 500 KTA unit from late November 2024. No.2 500 KTA unit started from late January. No.3 500 KTA unit started from mid-March. No.1 500 KTA unit under maintenance during 1-5 April. No.3 500 KTA unit under maintenance since 18 April.	Producer
	ExxonMobil Huizhou	China	PP	850	2Q	Completed trial runs in early February, commercial runs expected in 2Q	Producer
	Zhenhai Refinery No.4	China	PP	500	2Q	Delayed due to a fire incident at CDU on 8 January	Producer
	Wanjing Petrochemical	China	PP	1500	2Q		Producer
	PetroChina Guangxi	China	PP	400	2H		Producer
	CNOOC Daxie Phase 2	China	PP	900	3Q		Producer
	Shandong Yulong Phase 2	China	PP	800	2H		Producer
	Zhejiang Yuanjin New Materials No.3	China	PP	500	Late 3Q	Delayed from end of 2024 due to construction delays	Producer
	Huajin Aramco Petrochemical	China	PP	950	4Q		Producer
	Ningbo Jinfa New Material Phase 2 No.2	China	PP	400	2024	Project suspended, start-up timing is unclear	Producer
	Lihua Weiyuan Chemical	China	PP	200	2025	Start-up delayed because of margin concerns	Producer
	Long Son Petrochemical	Vietnam	PP	400	2H Aug 2024	Plant shut from mid-October 2024, restart expected in second-half 2025.	Producer
UPDATE	Lotte Chemical	Indonesia	PP	250	Mid-2025	Conducted trial runs on mid-April	Industry

China tariffs to revive coal-to-olefins fortunes

China's coal-to-olefins (CTO) plants will become more lucrative as sky-high tariffs on US ethane and LPG imports spur a hunt for replacement feedstock. But most Chinese CTO producers are already operating at capacity, limiting the extent to which they can help fill any gap in petrochemicals supply caused by the tariffs.

Chinese CTO capacity — producing ethylene and propylene — increased markedly over 2010-20, but growth stalled in 2021 as the country fell behind in meeting its energy intensity goals. Beijing then resumed approving CTO projects in 2022, after it relaxed its decarbonisation policies to protect its petrochemicals industry and enhance domestic energy security. China's energy intensity calculations now exempt energy used for producing raw materials such as chemicals, meaning it is easier for it to achieve its decarbonisation targets despite using coal to produce petrochemicals.

China added 1.5mn t/yr to its CTO capacity over 2023-24, bringing total capacity in the country to 11mn t/yr. Growth was driven by state-owned CTO firms, but China's large state-controlled coal companies have also expanded into coal-to-chemicals industries, to mitigate falling profits from coal sales and to secure outlets for their coal output. Coal consumption in China's chemicals sector rose by 8.3pc on the year in 2024, outperforming the 1.2pc demand growth from the power sector, according to state-controlled coal producer China Shenhua.

CTO economics improved significantly last year because of lower feedstock prices. Coal prices at China's key coal hub of Qinhuangdao, northeast Hebei province, averaged $120/t in 2024 — $18/t below 2023 prices. Coal prices are even lower so far this year, at an average of around $99.60/t.

CTO producers' margins averaged around $145-160/t last year but have shot up to $220-225/t this year. In contrast, naphtha-based crackers have been loss-making since 2022, according to *Argus* estimates. Beijing's retaliatory tariffs on the US this month are likely to have made producing ethylene and propylene from ethane and LPG uneconomical. China sources 100pc of its ethane and 59pc of propane imports from the US, but receipts may drop to zero in the coming months. Many propane dehydrogenation plants may have to cut operating rates or even shut down, market participants say.

Naphtha-fed steam crackers will help plug the gap in ethylene and propylene output, albeit at a higher cost. Ethane yields up to 80-84pc of ethylene, compared with 29-34pc for naphtha. Demand for the two products from CTO plants is likely to grow too. But most of China's CTO plants are already operating at nameplate capacity, so increasing output to meet higher demand may not be possible.

Any drop in ethylene and propylene imports will boost prices and CTO operators' profits — unless it is matched by a commensurate drop in demand. This is good news for coal companies. State-run China Coal's net profit shrank by 10pc on the year to Yn18.2bn ($2.5bn) in 2024 and China Shenhua's net profit fell by 3.4pc to Yn62.4bn, in response to weak coal margins and low petrochemicals sales.

China is expected to add at least 4.6mn t/yr of CTO capacity in 2025-28, primarily in Inner Mongolia and Shaanxi provinces. Private-sector Baofeng Chemical opened a 2mn t/yr expansion at its plant in Inner Mongolia in February, but China's other planned units are not due to open until 2026-28. The CTO sector is energy and water-intensive, putting it at odds with China's longer-term climate goals. "Despite [trade war-induced] pressures, coal-based chemicals production is not in line with China's dual-carbon goals, so any support is likely to be strategic but temporary," according to an official from a state-controlled firm.

P66 defends its position against activist investor

Phillips 66 said today it is in a strong position as it faces a proxy challenge from activist hedge fund Elliott Investment Management.

The company makes its strategic decisions based on data and facts and is accountable to a board of directors with deep experience in refining and energy, chief executive Mark Lashier said on a first quarter earnings call.

"We don't act out of fear or short-term trends," he said. "We act on what we believe will create the most long-term value for our shareholders each and every time."

Elliott, which has amassed a $2.5bn stake in Phillips 66, is pushing to break up the company by selling its midstream business, its JET retail operations in Germany and Austria and its interest in Chevron Phillips Chemical (CPChem), a 50:50 joint venture with Chevron. Elliott is also putting four nominees up for the Phillips 66 board.

Elliott alleges that the operating performance of Phillips 66 has consistently trailed its industry peers and that the changes Elliott is proposing could push Phillips 66 stock to more than $200 per share. The stock was trading near $103 per share Friday, as it fell from around $123 per share before President Donald Trump announced sweeping tariffs against major US trading partners on 2 April, causing a broad selloff in financial markets.

Phillips 66 has told shareholders that its board and management team are implementing a transformative strategy that has delivered results. The company has expanded its NGL business, improved its refining cost structure and continues to position CPChem as the lowest cost producer of ethylene, Phillips 66 said.

Lashier said Friday that Phillips 66 and CPChem have "great operational synergy" as Phillips 66 is an NGL provider for the joint venture and is an asset operator at co-located facilities in Old Ocean, Texas, where Phillips 66 operates the 265,000 b/d Sweeny refinery and CP Chem has a large facility including three ethane crackers.

Lashier also said members of the Phillips 66 board have vast experience in divesting assets and expect to understand the full consequences if Phillips 66 should dispose of an asset or spin off a part of the company. In addition, the board asks to bring in third parties to "get a cold eyes review" of any decision.

"We've hired the best investment banks out there to look at strategic alternatives," he said.

Phillips 66 and Elliott have both sent information to shareholders ahead of the Phillips 66 annual shareholders meeting on 21 May.

Phillips 66 on Friday reported a first quarter loss of $937mn in its refining sector down from a profit of $216mn in the first quarter of 2024, largely driven by lower volumes and higher costs caused by planned maintenance activity in one of the largest spring turnaround programs in the company's history.

Turnaround activity included maintenance at the 259,000 b/d Bayway refinery in Linden, New Jersey, the 264,000 b/d refinery in Lake Charles, Louisiana, the 356,000 b/d Wood River refinery in Roxana, Illinois, and the 149,000 b/d refinery in Borger, Texas.

Phillips 66 said it expects refining margins to improve in the second quarter as most of the maintenance has been completed. The company expects crude utilization in the second quarter to be in the mid-90pc range.

Packaging and downstream applications

Japan's auto industry mulls US tariff cost dilemma

The US' across-the-board 25pc tariffs on auto imports that took effect on 3 April has not yet directly affected Japan's auto industry, but the sector will likely soon have to decide between passing on or absorbing the additional US tariff costs.

Japan's car industry, including auto component producers, is not yet facing detrimental effects from the US tariffs as of 18 April, according to the country's trade and industry ministry (Meti) which conducted a cross-industry survey on the US tariff measures. The reasons include the availability of Japanese car inventories in the US market, which were exported before the tariff was imposed, Meti added.

But some domestic car manufactures are starting to consider whether to pass on the additional costs of deliveries into the US or bear the tariff costs and keep the current selling price level, according to Meti.

Either of this could cause a headache for the Japanese car industry, as increasing car selling prices in the US could potentially lead to lower demand for Japanese products, but keeping the current price level would likely mean lower profits for domestic car producers and component manufacturers.

Auto components producers so far appear to have bigger concerns about a potential reduction in output, according to Meti, although they are also bracing for pressure from domestic car assembly manufacturers to lower auto components selling prices.

Japan Automobile Manufacturers Association's chairperson Masanori Katayama said in March that domestic producers are likely to "adjust production" if the US tariff took effect, suggesting a potential output cut at local manufacturers.

But it remains unclear when and in what form the domestic auto industry will start feeling the effects from the US tariff, said a Meti official on 22 April, adding that this will depend on each car manufacturers' business strategy in the US.

The country's largest car producer Toyota will "maintain the current operation for the moment, with a close look at the moves by the US authority on the tariff policy", the firm told *Argus* on 17 April. This suggests that Toyota is not planning an immediate shift in its around 3mn units/yr of domestic production.

Meanwhile, fellow auto maker Honda will switch some of its domestic production to its US facility from as early as June, the firm told *Argus* on 16 April, potentially to avoid the US' tariffs.

Tokyo and Washington held its first ministerial talks on the US tariffs on 17 April, without disclosing conclusions in detail, although both sides agreed to set the second round of discussions within this month.

US president Donald Trump has long expressed his strong dissatisfaction against the auto trade imbalance between two countries, so the negotiation may not reach an agreement without addressing the US' automobile trade deficit with Japan.

Japan delivered around 1.3mn passenger vehicles to the US in 2024, and the US' share accounts for more than one-third of Japan's total passenger car exports. Meanwhile, Japan purchased around 23,000 units of US passenger vehicles in 2023.

BEV sales up in Europe, reach 17pc market share

Sales of battery electric vehicles (BEVs) in Europe rose by 28pc in the first quarter of this year to 573,500 units, a 17pc market share, despite US-based Tesla's sales slump, according to data from industry body ACEA.

Tesla's sales drop of 27pc (see graph) owes chiefly to its ageing line-up of models as Chinese carmakers expand market share in Europe, as well as chief executive Elon Musk's drop-off in popularity.

European carmakers such as Volkswagen, meanwhile, increased BEV sales by 157pc on the year, overtaking Tesla as the continent's top-selling BEV brand at 65,679 fully electric units sold. BMW is also inching closer to the US automaker at 46,557 BEVs sold, just less than Tesla's 53,237, consultancy Jato Dynamics said.

France and Romania were the only major car markets that registered a downtrend in BEV sales, at 6.6pc and 36.4pc, respectively.

Both countries were large buyers of non-plug-in hybrid EVs (HEVs), particularly France, where sales grew by 47.5pc on the year to 184,267 units, the third highest in Europe. Italy, at 198,685 units sold, and Germany, at 192,265, were the continent's top HEV markets, up by 15.3pc and 10.3pc, respectively.

Total EV sales — encompassing BEVs, HEVs and plug-in hybrids — accounted for 60.7pc of all car sales in Europe, up by about 10 percentage points from last year. Petrol and diesel sales declined by a combined 22.4pc over the year.

Overall, first-quarter car sales in Europe remained mostly flat, with only a slight 0.4pc dip from a year earlier.

Washington passes producer responsibility law

The US state of Washington has passed a producer responsibility bill for plastic packaging, which is intended to pass on end-of-life plastics costs to producers.

The bill will now go to Governor Bob Ferguson (D) to be signed into law.

The law aims to collect fees from producers of single-use goods through a non-profit producer responsibility organization (PRO) in order to fund municipal recycling and to increase investment in recycling infrastructure across the state.

Under the law, producers must register with Washington's PRO by 1 July 2026, with full implementation of the law and fee collection set to begin in January 2030.

Washington's law will require its PRO to cover at least 50pc of the state's net recycling costs by 2030, and 90pc by 2032.

If the bill is signed into law, Washington will become the seventh state to pass a producer responsibility law for plastic packaging in the US.

Less than a month ago on 7 April, Maryland passed a producer responsibility law.

Oregon's producer responsibility law for plastics packaging will be the first to be fully operational in the US in July.

German industry braces for US tariff fallout

German industry is likely to be hurt by US tariffs on imports and wider trade tensions, industry associations have told Argus.

US tariffs are hitting a German steel industry that was already in a difficult situation, steel association WV Stahl said, citing trade conflicts, geopolitical uncertainty and "historic economic weakness" in Germany. Around 20pc of EU steel exports go to the US, with Germany exporting about 1mn t/yr directly to the US.

But while direct US tariffs present a problem for the industry, altered flows as a result of global — particularly Chinese-American — trade tensions is the biggest concern. "China and other Asian countries are flooding the market with cheap steel," WV Stahl said.

The rate at which European countries import steel from non-EU states has risen steadily in recent years, with around a third of the steel in the EU now coming from outside the bloc, according to the association. And even more non-European steel — often made more cheaply using more carbon-intensive processes — could now be consumed in Europe, with China effectively cut off from the US by tariffs.

A significant redirection to Europe of steel exports that would once have been sent to the US would cause "lasting" damage, German steel firm Thyssenkrupp told *Argus*. It called for changes to safeguards to protect Europe's market.

WV Stahl agreed, and urged "reliable" political support to ensure "the transition to climate neutrality does not lead to deindustrialisation". Berlin must ensure measures are in place to ensure low-emission steel is actually purchased, and that energy prices fall. The association is in favour of an industrial power price and a reduction in grid fees — two measures pledged by the likely-incoming government.

Germany's chemical and pharmaceutical industries are also likely to be affected by new tariffs and trade tensions, chemical industry association VCI told *Argus*, although it addedthat this would present opportunities as well as risks.

VCI said the US is a key partner for Germany's pharmaceutical and chemicals industries, and that its trade policies are "harming" the global economy. German chemical and pharmaceutical exports to the US were worth nearly €40bn last year, VCI noted. The US was also Germany's largest overall export destination last year, and exports to the US are likely to fall as a result of tariffs, VCI said.

Within the German automotive industry, 86pc of medium-sized companies say US tariff policy will directly or indirectly affect them, according to a survey by automotive association VDA. Tariffs will negatively affect the US, VDA told *Argus*, but also have a "significant" negative impact on EU exports. German automotive exports to the US were worth €36.8bn last year, VDA said — over 13pc of the value of Germany's total exports.

Economic view

The World Trade Organization (WTO) has warned that US President Donald Trump’s tariffs will send international trade into reverse and depress global economic growth this year.

The WTO says it had previously expected goods trade to expand by 2.7pc this year. As a result of Washington’s trade policy, it is now forecasting a 0.2pc decline.

The WTO’s director general, Ngozi Okonjo-Iweala, said she was particularly concerned about the decoupling of the US and China. She said trade between the two geopolitical rivals was expected to plunge by 81-91pc without exemptions for tech products such as smartphones – saying this was “tantamount to a decoupling of the two economies” and would have, “far-reaching consequences”.

The US has imposed tariffs of 10pc on all imports, with much higher rates for China totalling 145pc, and on specific sectors including cars and steel. The WTO expects the biggest impact of the policy to be a sharp decline in trade with the US – with other regions still expected to experience growth.

Although Trump’s reciprocal tariffs were paused for 90 days after a strong reaction in financial markets, the WTO warns that if these are reimposed after the hiatus it would have a much greater impact, causing a 0.8pc decline in global goods trade.

Meanwhile, China has posted unexpectedly strong economic growth in the first three months of 2025. The latest data from the National Bureau of Statistics showed that growth in China’s GDP hit 5.4pc during the first quarter, considerably above expectations. The figures do not include the impact of Trump’s additional reciprocal tariffs on Chinese imports, which took effect earlier in April.

Chinese exports surged by 12.4pc in March compared with the year before, but experts do not expect that strong momentum to continue in the coming months owing to the triple-digit US levies.

Tariff ‘shock’ prompts IMF to cut outlook

The IMF now forecasts significantly lower global economic growth in 2025-26 because of the US' pursuit of steep tariffs and the resulting policy uncertainty.

The global economy will grow by 2.8pc in 2025 and

3pc in 2026, the IMF forecasts in its latest World Economic Outlook, down sharply from its outlook just three months ago (see table). IMF forecasts are used by the IEA and many economists to model oil demand projections. The forecast is based on tariffs that US president Donald Trump had in place as of 4 April before he paused even steeper tariffs on most countries and escalated tariffs on China. New US tariffs and foreign countermeasures since 4 April suggest that the lower overall global growth rate will remain unchanged but that the US and China will see even lower growth than the baseline forecast, preliminary IMF analysis finds.

Trump has altered tariff levels repeatedly. But he has still imposed an across-the-board 10pc on imports from most trading partners, 25pc on some imports from Canada and Mexico and 145pc on most imports from China — and separately, a 25pc tariff on imported steel, aluminium, cars and auto parts. The new effective US tariff rate on foreign imports is 25pc as of this month, up from 3pc in January, the IMF estimates. "The global economic system under which most countries have operated for the past 80 years is being reset, ushering the world into a new era," IMF chief economist Pierre-Olivier Gourinchas says.

"The unpredictability with which these measures have been unfolding also has a negative impact on economic activity and the outlook," Gourinchas says. The US and its closest trading partners appear among the hardest hit by tariffs and corresponding countermeasures. But the IMF is also ratcheting down its expectations for the Chinese economy. Beijing has responded to Trump with a broad 125pc tariff that precludes China's imports of energy commodities from the US.

US stock and financial markets are below where they were before his 2 April announcement of "reciprocal" tariffs against most US trading partners. Similar levels of volatility have hit markets for US government obligations and sent the dollar lower against major currencies. Trump's efforts to calm markets have been a hit and miss. Trump on 23 April said he was close to a trade deal with China — a claim that Beijing dismissed the following day as "fake news".

Dollar strength has been a key factor in what the IMF terms "economic scarring" in recent years, particularly for Europe and other net energy importers. "Because commodity prices are expressed in dollars, the stagflationary pressures on commodity importers have become stronger," the IMF says.

Currency

The US dollar continued its slide, falling to its lowest level since 2022, as global investors retreat from US assets in the face of tension between President Donald Trump and the US Federal Reserve.

Supply chain and shipping

US railroads and other logistics industries expect international shipments of automobiles and other products to drop in the back half of 2025, while a few products will nearly be exempt from new trade policies that will impose fees of $18-$50/net ton (nt) on Chinese-built or Chinese-operated vessels.

International trade is vital to US railroads, with many carriers loading trains with imports directly from ports and delivering bulk commodities and containers to ports for export.

The US Trade Representative said it will impose fees of $50/nt on Chinese ship operators and owners starting this fall and fees of $18/nt on Chinese-built ships. The fees would be applied to ships as they called on the US. For a 182,000 deadweight tonnes (dwt) Capesize vessel owned by a Chinese operator, the fee would be nearly $3mn.

The rules also take aim at foreign-built vehicle carriers, assessing $150 for every car or vehicle the ship carries, starting in 180 days. That could add nearly $1mn per vessel. These new policies will "drive up the cost of shipping, reduce volume through our nation's trade gateways, and make goods, especially automobiles, more expensive for everyday American consumers", American Association of Port Authorities (AAPA) chief executive Cary Davis said.

"This will crush US exports of all liquid and bulk commodities," a veteran coal broker said, adding that it will also create massive shortages of those commodities elsewhere because of the supply disruption. Not all commodities will be affected. The fees will not apply to vessels with capacities of less than 55,000 dwt, or 80,000 dwt for bulkers. The weight limits mean that nearly all asphalt, coal and petroleum coke vessels would be exempted.

The Association of American Railroads declined to comment directly, instead pointing to a study on the fees released last month by a coalition of 30 trade groups and business that said the remedies to the fees suggested by the government would still result in net losses for the US economy, trade, and most of the US shipbuilding supply chain.

Shipping firms CMB.Tech, Golden Ocean to merge

Belgian shipowner CMB.Tech and Golden Ocean, one of Europe's top dry bulk shipping companies based in Norway, have agreed to merge, with a combined fleet exceeding 250 vessels.

The stock-for-stock merger, which has received unanimous approval from both companies' boards, will form one of the world's largest publicly listed maritime groups.

The companies plan to finalise a definitive merger agreement during the second quarter of this year and to complete the merger in the third quarter. The completion of the merger remains subject to customary conditions such as confirmatory due diligence and regulatory approvals.

The new shipowning entity will be headquartered in Belgium with offices in Europe, north America, Africa and Asia, and CMB.Tech's Alexander Saverys will remain chief executive officer.

CMB.Tech owns and operates over 160 ocean-going vessels in dry bulk, container shipping, chemical tankers, offshore wind and oil tankers, while Golden Ocean specialises in the transportation of dry bulk cargoes. Golden Ocean's fleet mainly consists of Capesize and Panamax vessels, totalling 91 vessels in total, with an aggregate capacity of approximately 13.7mn deadweight tonnes.

By merging CMB.Tech and Golden Ocean, the combined fleet "would grow to more than 250 modern vessels spread over five shipping divisions," said Saverys, adding that the value of the fleet would reach more than $11bn.

"Our fleet and CMB.Tech's dry bulk vessels are very complementary and would create one of the largest and most modern dry bulk fleets in the world, including 87 modern Capesize and Newcastlemax vessels, with a favourable long-term outlook," said Golden Ocean's chief executive officer Peder Simonsen.

Golden Ocean shareholders will receive 0.95 CMB.Tech shares for each Golden Ocean share, on the basis of $15.23/share for CMB.Tech and $14.49/share for Golden Ocean.

US fees on Chinese vessels to cut rail volume

US railroads and other logistics industries expect international shipments of automobiles and other products to drop in the back half of 2025, while a few products will nearly be exempt from new trade policies that will impose fees of $18-$50/net ton (nt) on Chinese-built or Chinese-operated vessels.

International trade is vital to US railroads, with many carriers loading trains with imports directly from ports and delivering bulk commodities and containers to ports for export.

The US Trade Representative said it will impose fees of $50/nt on Chinese ship operators and owners starting this fall and fees of $18/nt on Chinese-built ships. The fees would be applied to ships as they called on the US. For a 182,000 deadweight tonnes (dwt) Capesize vessel owned by a Chinese operator, the fee would be nearly $3mn.

The rules also take aim at foreign-built vehicle carriers, assessing $150 for every car or vehicle the ship carries, starting in 180 days. That could add nearly $1mn per vessel.

These new policies will "drive up the cost of shipping, reduce volume through our nation's trade gateways, and make goods, especially automobiles, more expensive for everyday American consumers", American Association of Port Authorities (AAPA) chief executive Cary Davis said.

"This will crush US exports of all liquid and bulk commodities," a veteran coal broker said, adding that it will also create massive shortages of those commodities elsewhere because of the supply disruption.

Not all commodities will be affected. The fees will not apply to vessels with capacities of less than 55,000 dwt, or 80,000 dwt for bulkers. The weight limits mean that nearly all asphalt, coal and petroleum coke vessels would be exempted.

The Association of American Railroads declined to comment directly, instead pointing to a study on the fees released last month by a coalition of 30 trade groups and business that said the remedies to the fees suggested by the government would still result in net losses for the US economy, trade, and most of the US shipbuilding supply chain.

US trucking index falls in March: ATA

US trucking freight volumes in March fell by 1.5pc from a strong February, but first-quarter volumes still signal an improving freight market, according to the American Trucking Association (ATA).

The ATA's seasonally adjusted truck tonnage index (TTI) registered 113.4 in March, down from 115.1 in February but up slightly from a year earlier. February's gain of nearly 3pc was the largest in years.

"Solid manufacturing output in March, led by robust auto production, likely helped truck freight tonnage not fall more after a very strong February," ATA economist Bob Costello said.

In the first quarter, the index rose from the prior quarter and from a year earlier for the first time in two years.

"That tells me that the freight market did in fact turn around in the first three months of the year despite an uncertain outlook," Costello said.

The TTI is calculated on a monthly basis using a survey of ATA membership to estimate seasonally-adjusted trends in the value of US truck freight. Trucking comprises roughly three-quarters of tonnage carried by all modes of transportation in the US, and so can serve as an indicator of the health of the transportation sector and the economy at large.

USTR proposes tariffs on Chinese cranes, containers

The US Trade Representative (USTR) will levy tariffs on ship-to-shore (STS) cranes and containers made in China to further combat what it calls that country's dominance of the maritime industry.

The USTR proposes 100pc tariffs on STS cranes and tariffs ranging from 20-100pc on other cargo handling equipment, such as shipping containers. The tariffs would take effect between six months and two years from 17 April.

China is the dominant manufacturer of critical maritime infrastructure, supplying around 95pc of the world's shipping containers and 80pc of the US' STScranes, according to the USTR's Section 301 Investigation Report. US officials are concerned about China being able to control or disable equipment, such as the massive cranes used to unload ships at US ports, in times of political turmoil.

China's geopolitical ambitions "raise additional concerns about the security of US maritime supply chains" as China may "potentially leverage its dominance to exert pressure on the US", according to a 2024 report by the House Select Committee on the Chinese Communist Party cited in the USTR's Section 301 Investigation findings.

A lack of US domestic manufacturing alternatives for cranes and containers will likely keep buyers dependent on Chinese-made equipment in the near term. According to the House Select Committee report, two companies are pursuing establishing a crane manufacturing presence in the US. Finnish company Konecranes and German company Liebherr are the two leading alternatives to Chinese STS crane companies, although they are more expensive.

The USTR is holding a public hearing on 19 May to take comments on the potential impact of the measures and how they should be amended before their implementation.

QUOTE OF THE WEEK

"I think we are going to be facing a very difficult quarter for PP."
— *North American PP trader*

Argus *Global Polypropylene* is published by Argus Media group

Registered office
Lacon House, 84 Theobald's Road, London, WC1X 8NL
Tel: +44 20 7780 4200

ISSN:

Publisher
Adrian Binks

Global compliance officer
Vladas Stankevicius

Chief commercial officer
Jo Loudiadis

President, Expansion Sectors
Christopher Flook

Global head of editorial
Neil Fleming

Editor in chief
Jim Washer

Managing editor, Americas
Jim Kennett

Editor
Sam Hashmi
Tel: +44 20 7780 4218
polymers@argusalerts.com

Customer support and sales:
support@argusmedia.com
sales@argusmedia.com

London, Tel: +44 20 7780 4200
Houston, Tel: +1 713 968 0000
Singapore, Tel: +65 6496 9966

INVESTORS IN PEOPLE