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Commodity Insights

# Butadiene: The evolving role of Southeast Asia in light of its increasing influence in the Asian market

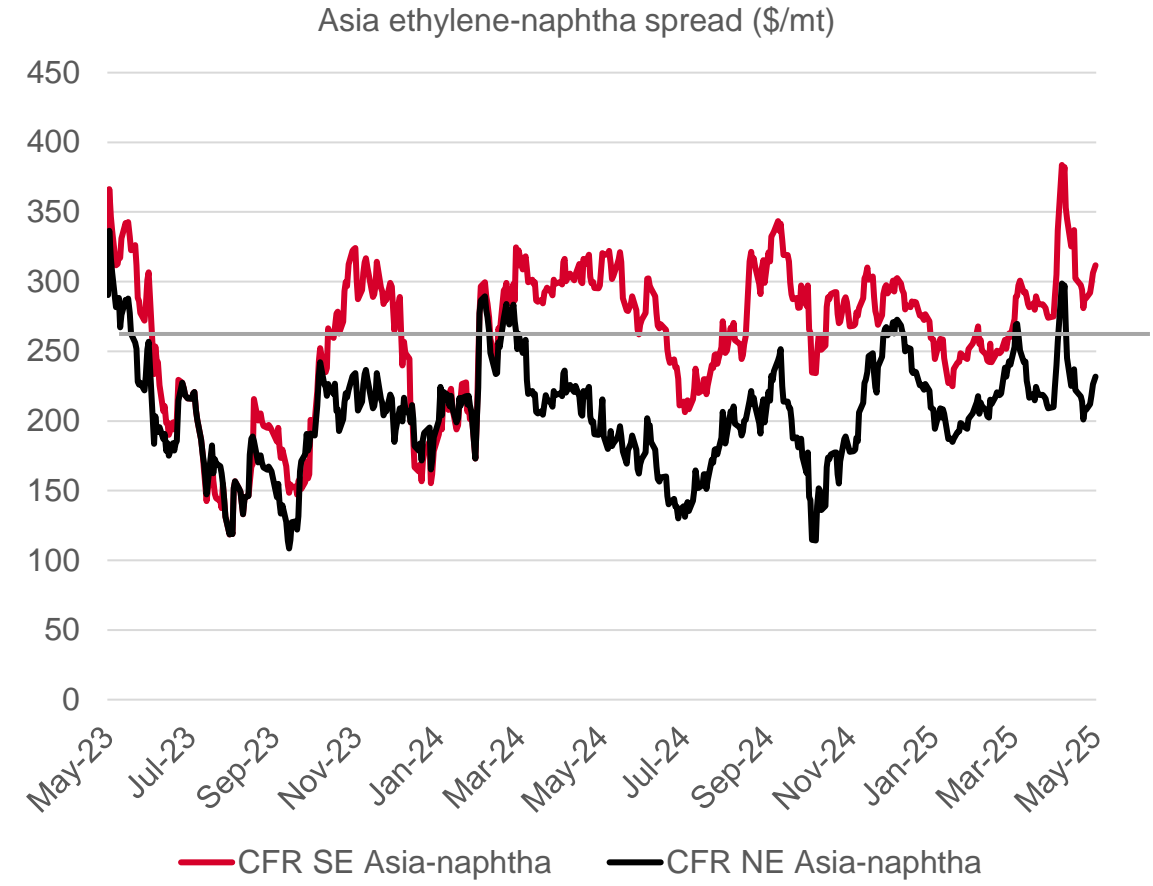
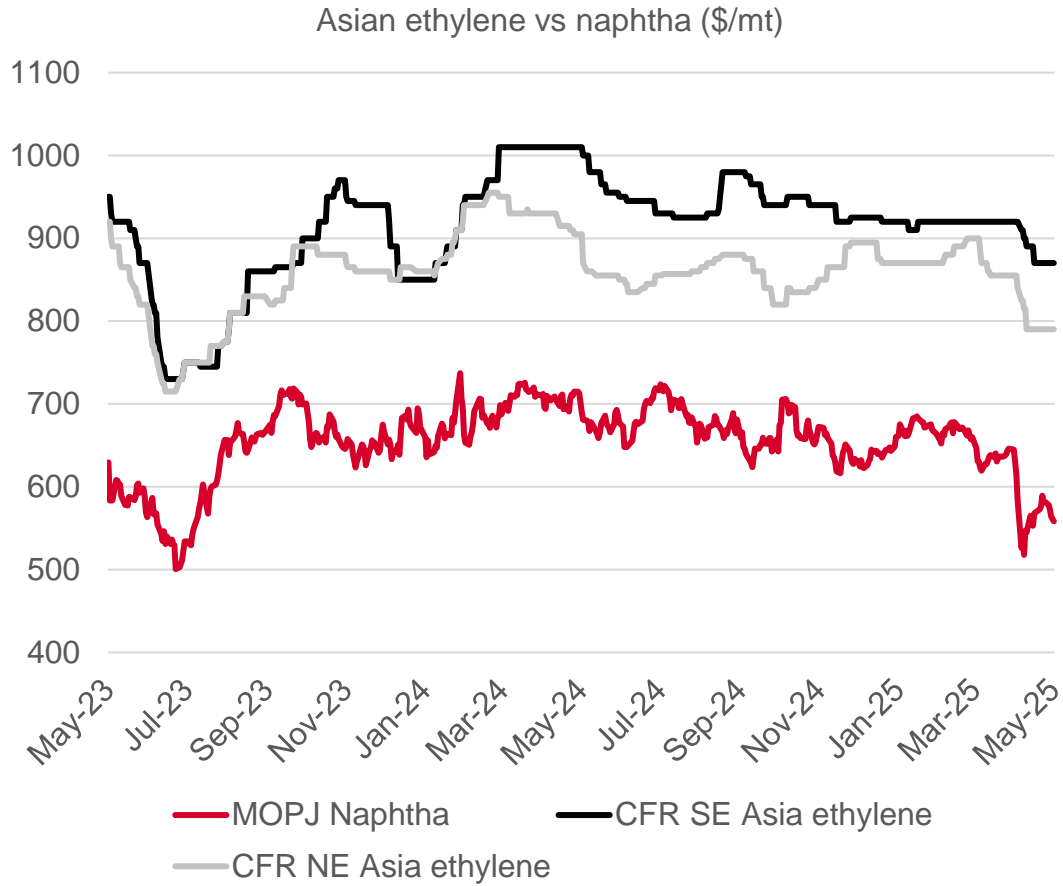
Fumiko Dobashi

Manager, APAC Chemicals

S&P Global Commodity Insights

May 2025

# SE Asia crackers: SE Asia ethylene vs naphtha spread seen higher than NE Asia

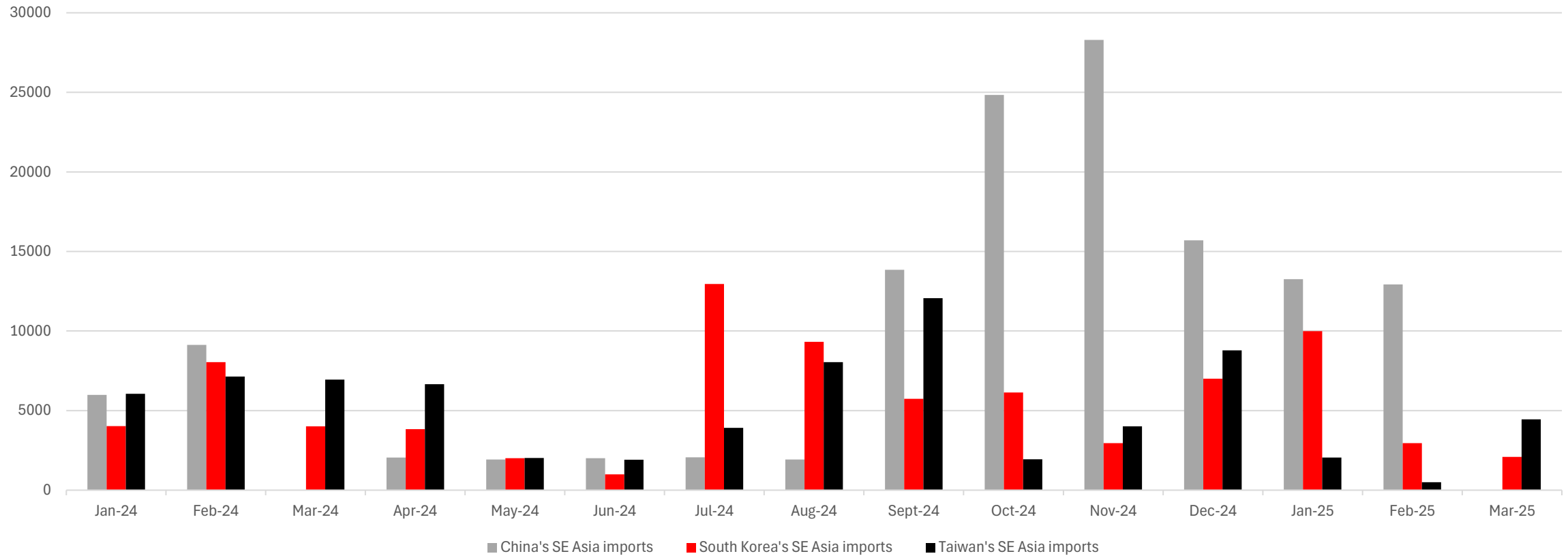


## SE Asia crackers: Plant shutdown slashes butadiene operations, production

Company	Plant location	Country	Capacity	Current Status
Chandra Asri	Merak	Indonesia	137,000	
Lotte Indonesia	Merak	Indonesia	140,000	Startup planned in May
Lotte Chemical Titan	Pasir Gudang	Malaysia	100,000	Lower operations, cracker shutdown
Pengerang	Pengerang	Malaysia	180,000	Operations unstable
JG Summit	Batangas	the Philippines	70,000	Shutdown
PCS	Jurong Island	Singapore	160,000	
Shell	Pulau Bukom	Singapore	155,000	
BST	Rayong	Thailand	220,000	
IRPC	Rayong	Thailand	55,000	
PTT	Rayong	Thailand	75,000	
Long Son	Ba Ria-Vung Tau	Vietnam	100,000	Shutdown
<b>Total</b>			1,392,000	

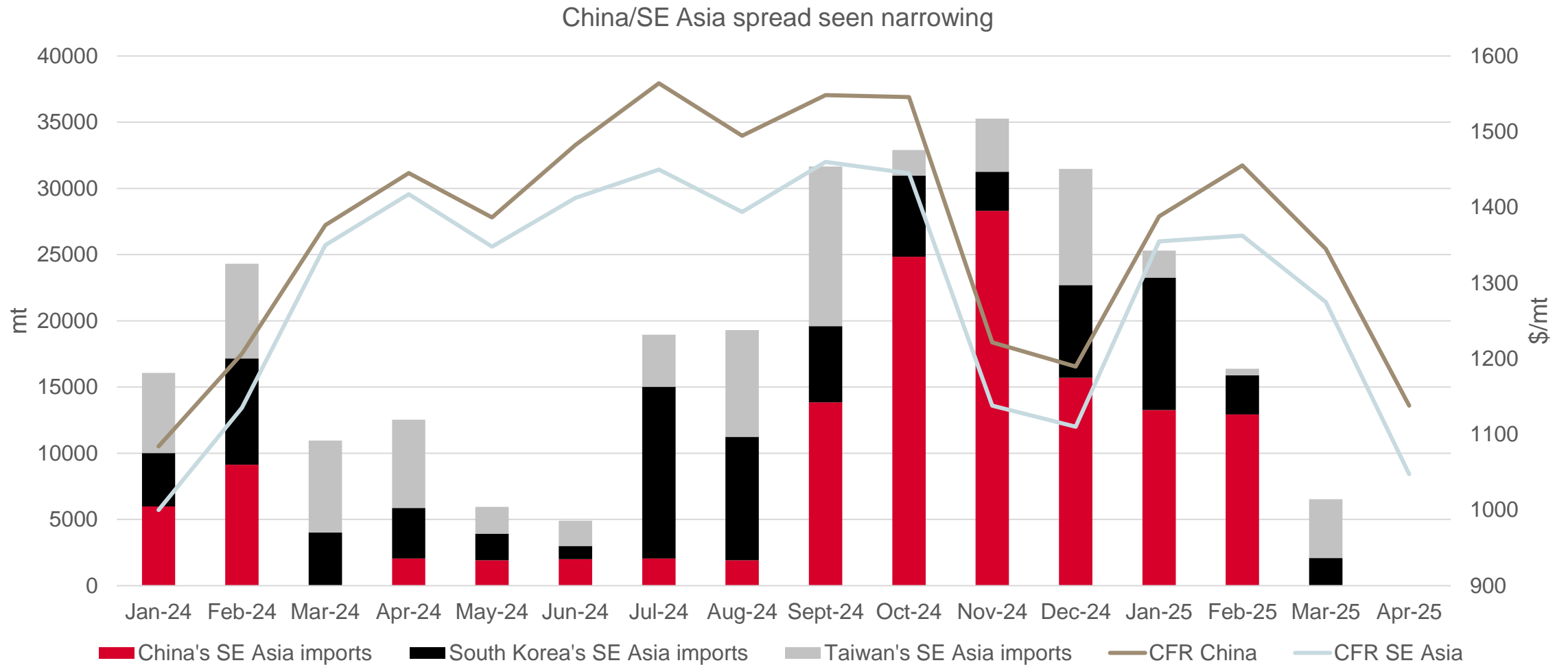
# SE Asia: Key butadiene supplier to NE Asia region

NE Asia's butadiene imports from SE Asia (mt)

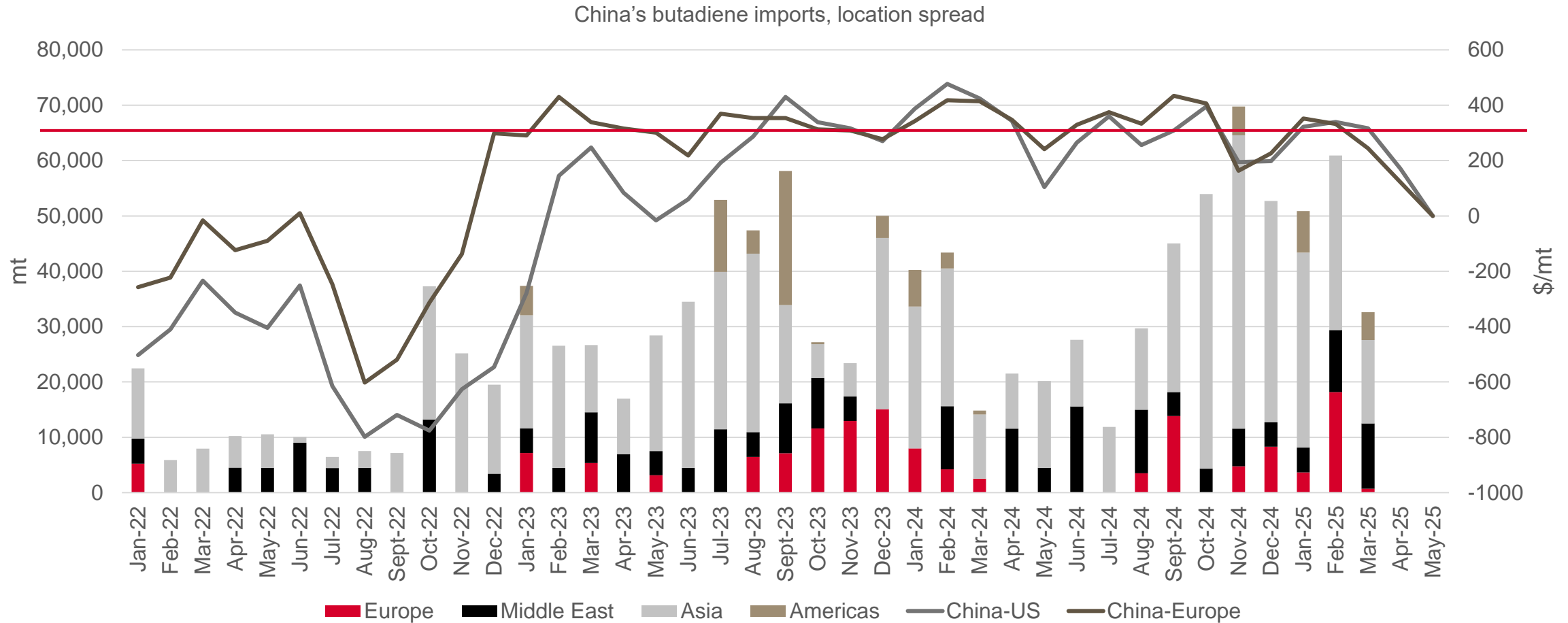


Source: China, Korea, Taiwan Customs

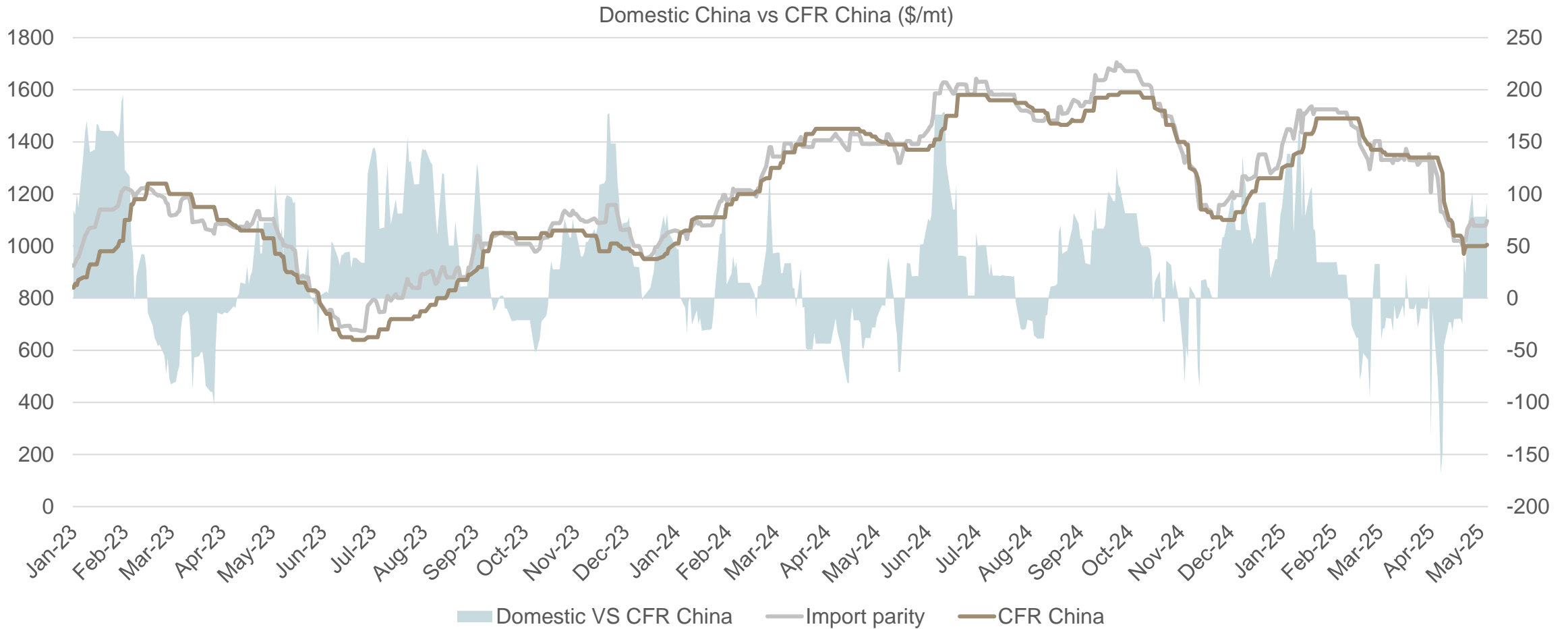
# SE Asia butadiene: SE Asia supplies fall in Q1, 2025 after steam cracker shutdowns



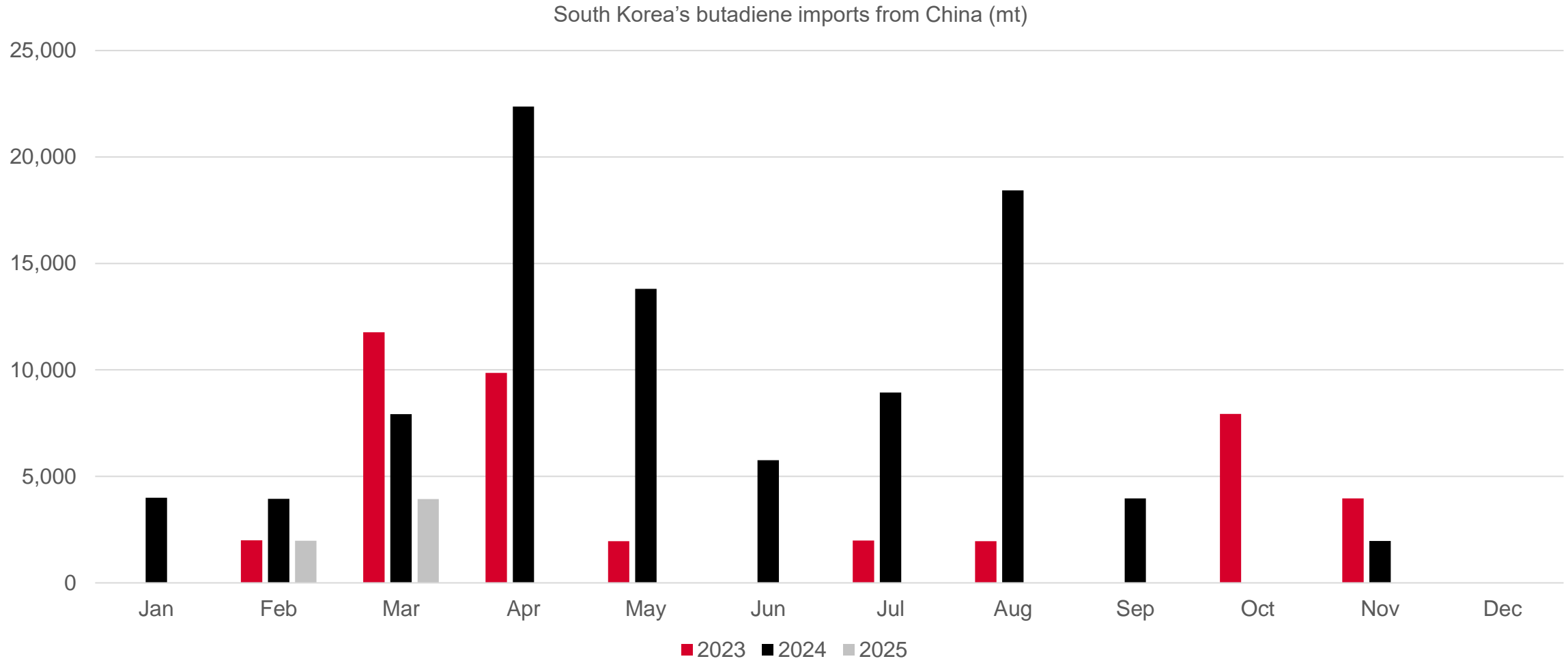
# Global butadiene: Arbitrage window from US/Europe to Asia seen closed



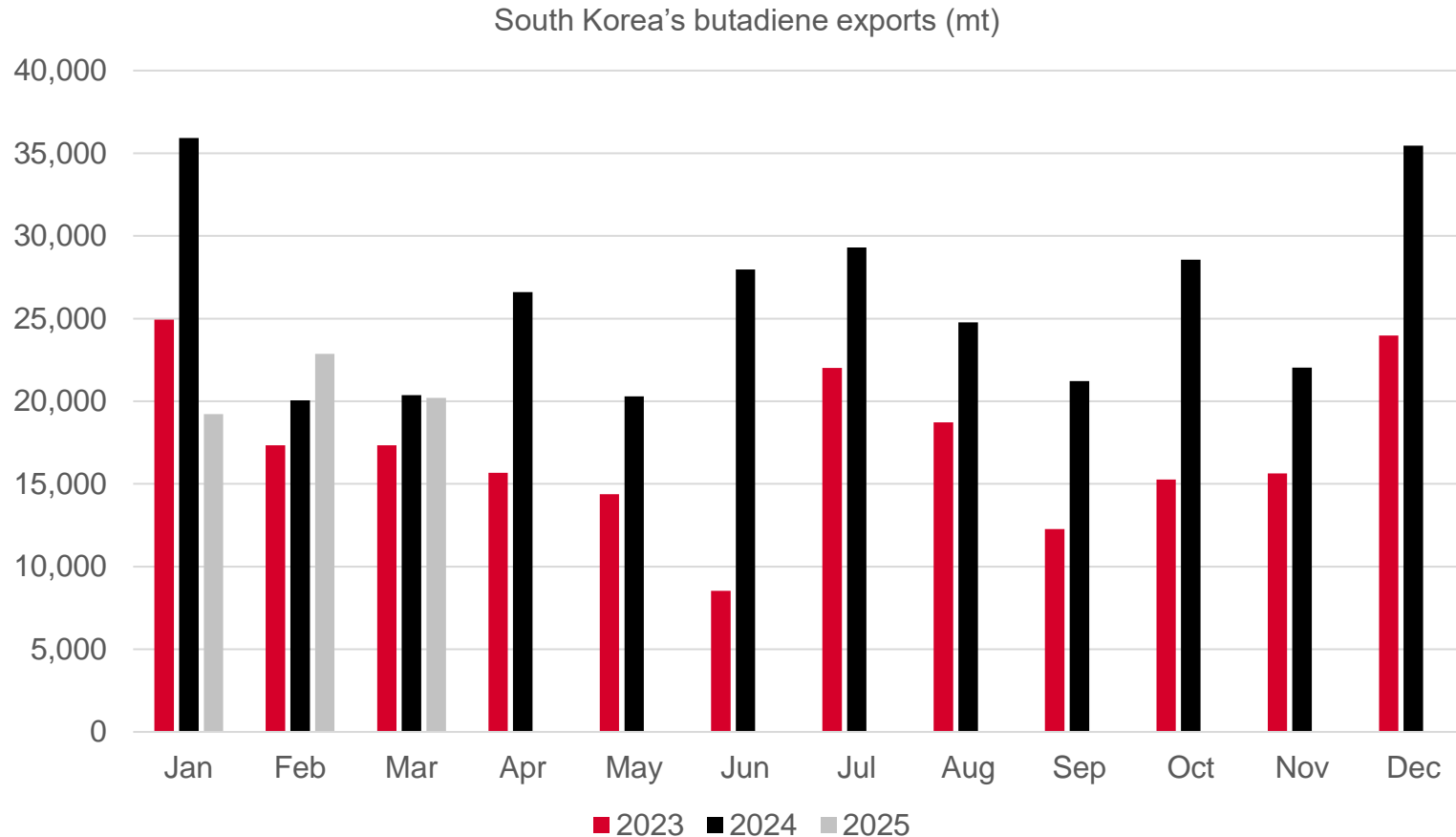
# China butadiene: China's butadiene exports seen limited amid higher local China market



# Korea stats: Butadiene imports from China slowing down in 2025



## South Korea's butadiene exports to increase in coming years in line with new plant startup

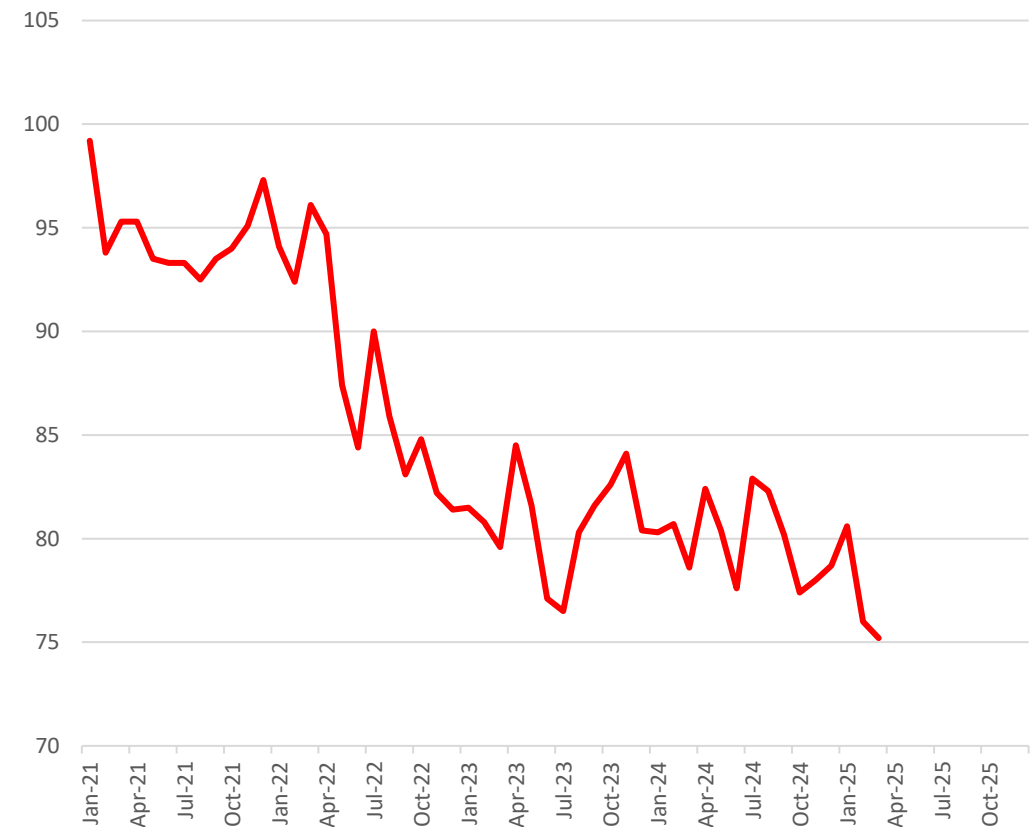


- South Korea's butadiene exports will likely increase after 2026 as S-Oil plans to start up new butadiene plant
- S-Oil's butadiene plant has 200,000 mt/year capacity in 2026
- Around 60% of South Korean exports move to China
- Korean producers are seeking other outlets to sell their quantity as China's import appetite will likely slow down in line with capacity expansions

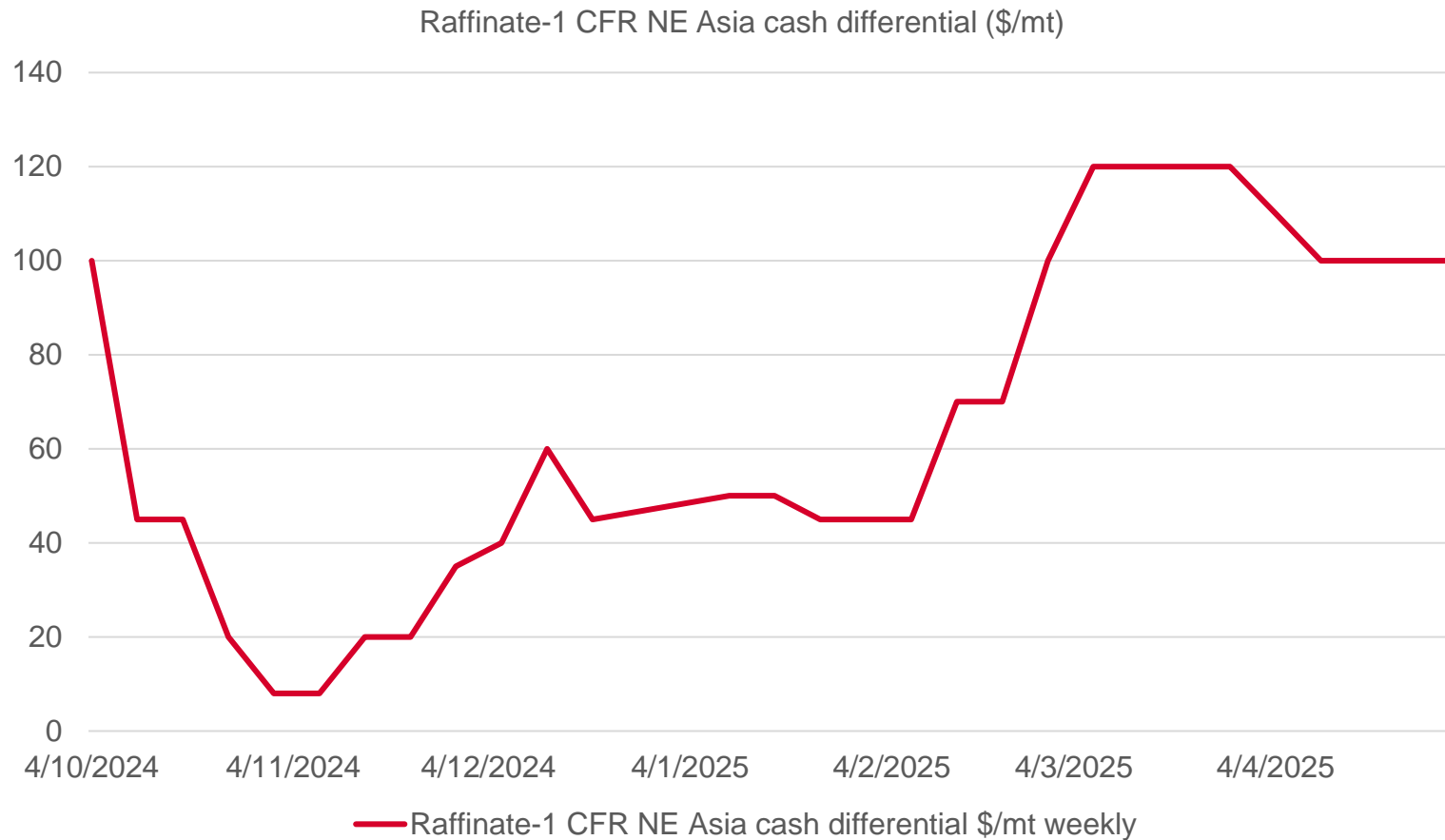
## Japan's steam cracker shutdown may prompt raffinate-1 demand

- Japan's steam cracker operations hit a record-low in March at 75.2%
- Japan plans to mothball naphtha-fed steam crackers in 2027-2028 (Idemitsu, Maruzen, ENEOS)
- Japan may start importing raffinate-1 following a permanent shutdown of steam crackers
- Japan's raffinate-1 is mainly used for MMA production
- Some Japanese endusers prefer to buy Korea origin materials

Japan's steam cracker operations (%)



## Asia raffinate-1: Spot demand may emerge after cracker shutdowns



- Platts started raffinate-1 assessments on Oct. 4, 2024
- Market driven by downstream MTBE, MMA
- Trade typically done on MOPJ-linked formula

# Platts butadiene, raffinate-1 methodology

## Butadiene (C4)

**Assessment window:** Daily assessments FOB Korea, FOB China, CFR China, CFR Northeast Asia and China domestic ex-tank (in Yuan/mt) reflect spot market information up to the close of the assessment window at 4:30 pm Singapore time (0830 GMT). Weekly assessments CFR Taiwan and CFR Southeast Asia reflect spot market information up to the close of the assessment window at 4:30 pm Singapore time (0830 GMT) on Friday. Weekly averages of FOB Korea, FOB China, CFR China and CFR Northeast Asia are published on Friday.

**Timing:** FOB Korea and FOB China: Loading 20-40 days forward from the date of publication; CFR China, CFR Northeast Asia, CFR Taiwan and CFR Southeast Asia: Delivery 20-40 days forward from the date of publication; China domestic ex-tank: Loading 0-10 days from the date of publication.

**Basis and locations:** FOB Korea and CFR Northeast Asia: Daesan, Ulsan, Yeosu; Japan (Mizushima, Chiba, Tokuyama, Kashima, Ube, Oita, Yokkaichi, Kawasaki); CFR Taiwan: Mailiao, Kaohsiung; CFR Southeast Asia: Indonesia (Merak); Thailand (Map Ta Phut, Rayong); Malaysia (Penang); FOB China: Ningbo, Zhoushan, Zhenhai, Shanghai. Loadings from other ports in China may be normalized to East China; CFR China: Nantong, Tianjin, Dalian, Shanghai, Ningbo, Guangzhou.

**Cargo size:** FOB Korea, CFR China, CFR Taiwan, CFR Southeast Asia, CFR Northeast Asia: 1,500-5,000 mt; FOB China: 2,000-3,000 mt; China Domestic ex-tank: 200-500 mt.

**Terms and conditions:** FOB Korea, FOB China, CFR Taiwan, CFR Southeast Asia, CFR Northeast Asia and CFR China: Credit terms up to L/C 30 days; China domestic ex-tank: At-sight basis with cash payment, and includes the prevailing value-added tax. Market information with non-standard terms may be considered for the assessment and may be subject to normalization to the standard terms.

**Quality specifications:** Minimum purity of 99.5%. Dimer content maximum 1,000 ppm.

## Raffinate-1

**Assessment window:** Weekly cash differential assessment basis CFR Northeast Asia reflect spot market information up to the close of the assessment window at 4:30 pm Singapore time (0830 GMT) on Friday. The cash differential represents a spot premium or discount of the raffinate-1 CFR Northeast Asia assessment against the midpoint of the same day's Platts Naphtha C+F Japan Cargo (PAAAD00) assessment.

**Timing:** Delivery 20-40 days forward from the date of publication

**Basis and locations:** CFR Northeast Asia, which includes South Korea (Daesan, Ulsan, Yeosu), Japan (Mizushima, Chiba, Tokuyama, Kashima, Ube, Oita, Yokkaichi, Kawasaki), Taiwan (Mailiao, Kaohsiung), China (Nantong, Tianjin, Dalian, Shanghai, Ningbo Guangzhou)

**Cargo size:** 2,000 mt

**Terms and conditions:** Letter of credit up to 30 days. Market information with non-standard terms may be considered for the assessment and may be subject to normalization to the standard terms.

**Quality specifications:** Minimum 40% of isobutene content.

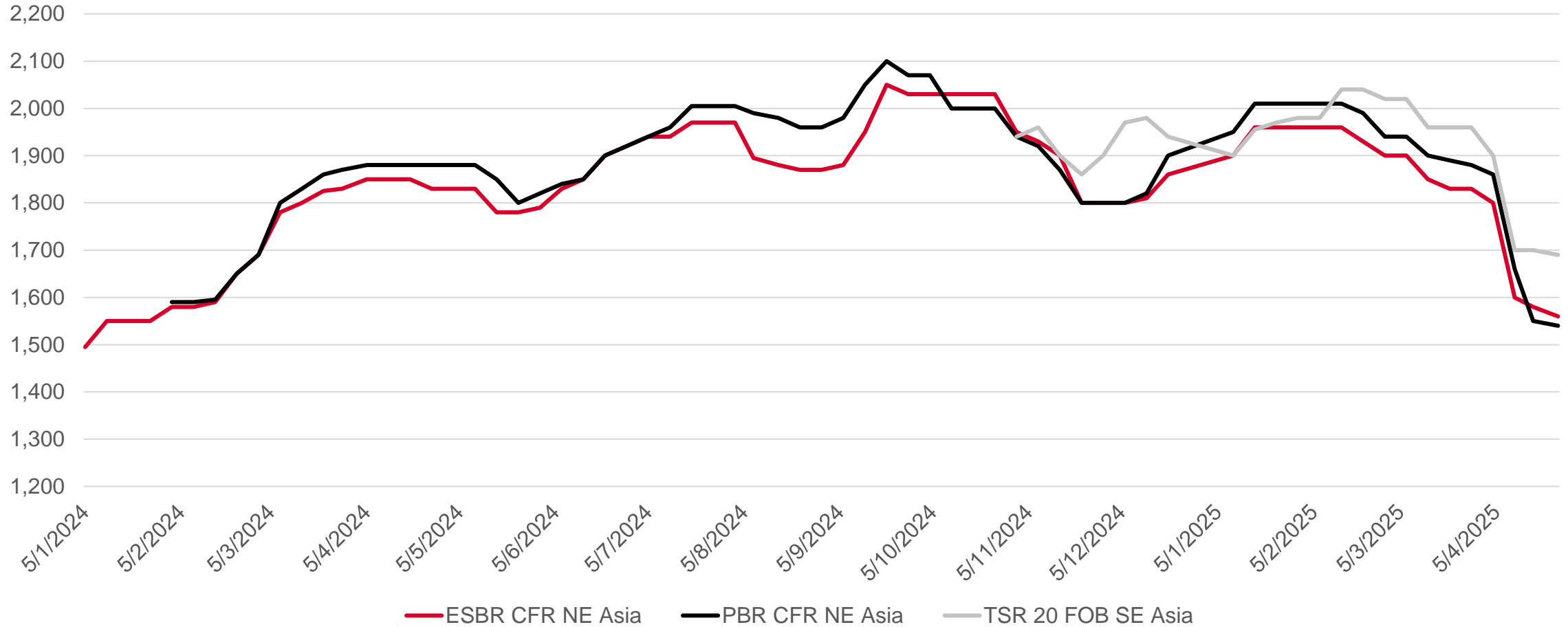
<https://www.spglobal.com/content/dam/spglobal/ci/en/documents/platts/en/our-methodology/methodology-specifications/chemicals/chemicals-asia-pacific-specifications.pdf>

# Butadiene downstream



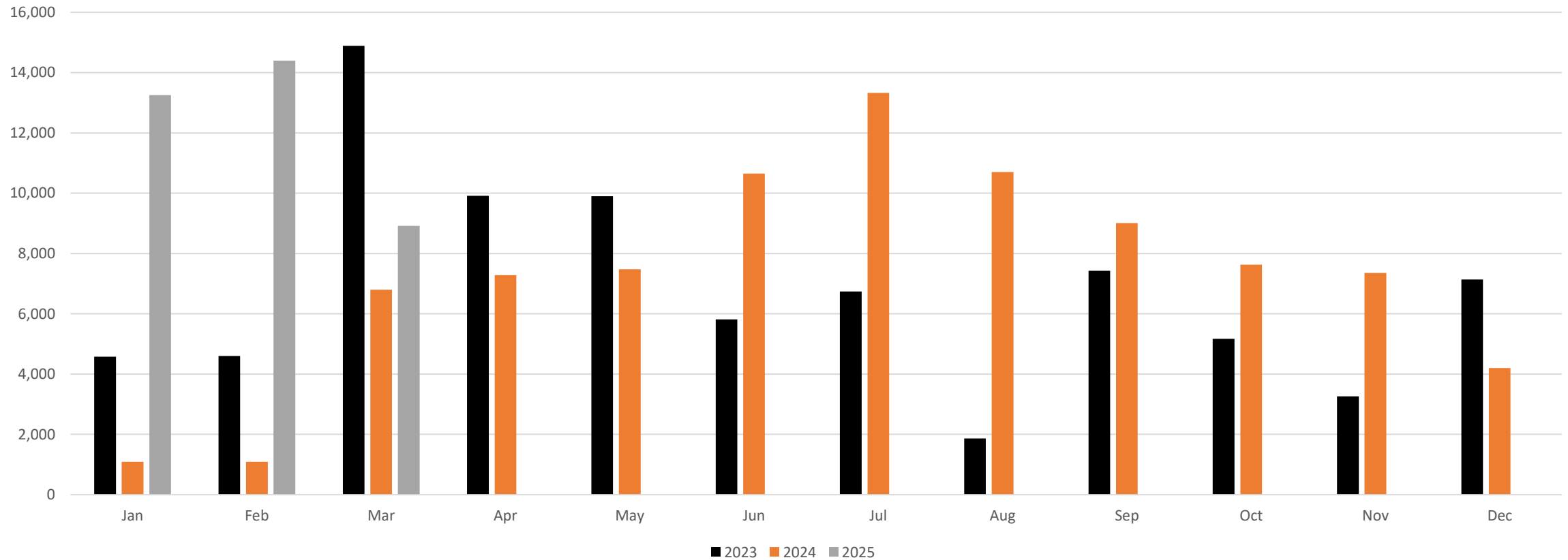
# Asian rubber market: Sharp downturn after the US announces additional tariffs

Asian rubber price (\$/mt)



# Russian synthetic rubber supplies to fall amid rising local demand, shift from natural rubber

China's SBR imports from Russia (mt)



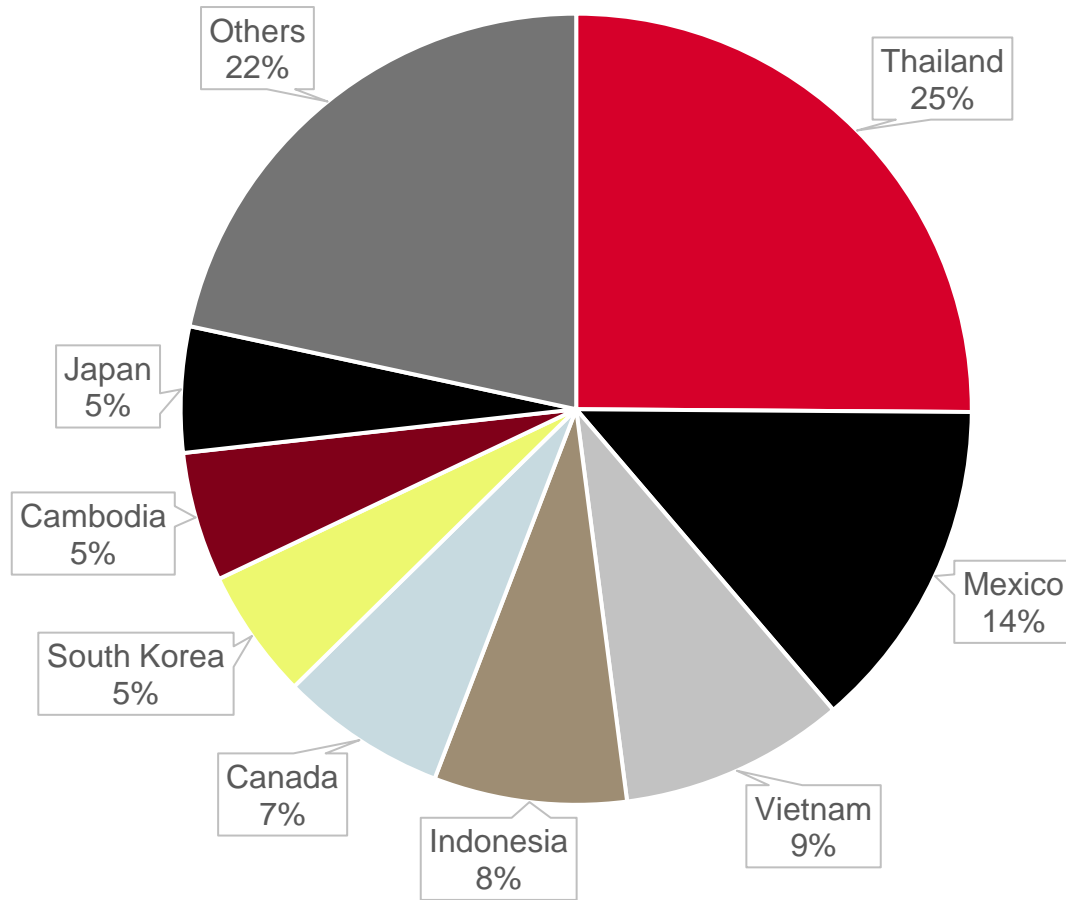
## US tariff on Asia: Tariff on China increased, others at 10%

	Initial	Revised
China	34%	145%
Japan	24%	10%
Korea	25%	10%
Taiwan	32%	10%
<u>Vietnam</u>	<u>46%</u>	10%
Thailand	36%	10%
Malaysia	24%	10%
Indonesia	32%	10%

- On April 2, the US announced the reciprocal tariffs.
- On April 9, the US posed some tariffs for 90 days. During that period, the tariff has been reduced to 10%.
- China raised tariff on US goods on 34% on April. 4, increasing to 125% on April 11.
- Tariff on Chinese imports were increased to 145% (125% + existing 20% tariff) on April 9.

# SE Asian tire market to be affected by US tariff

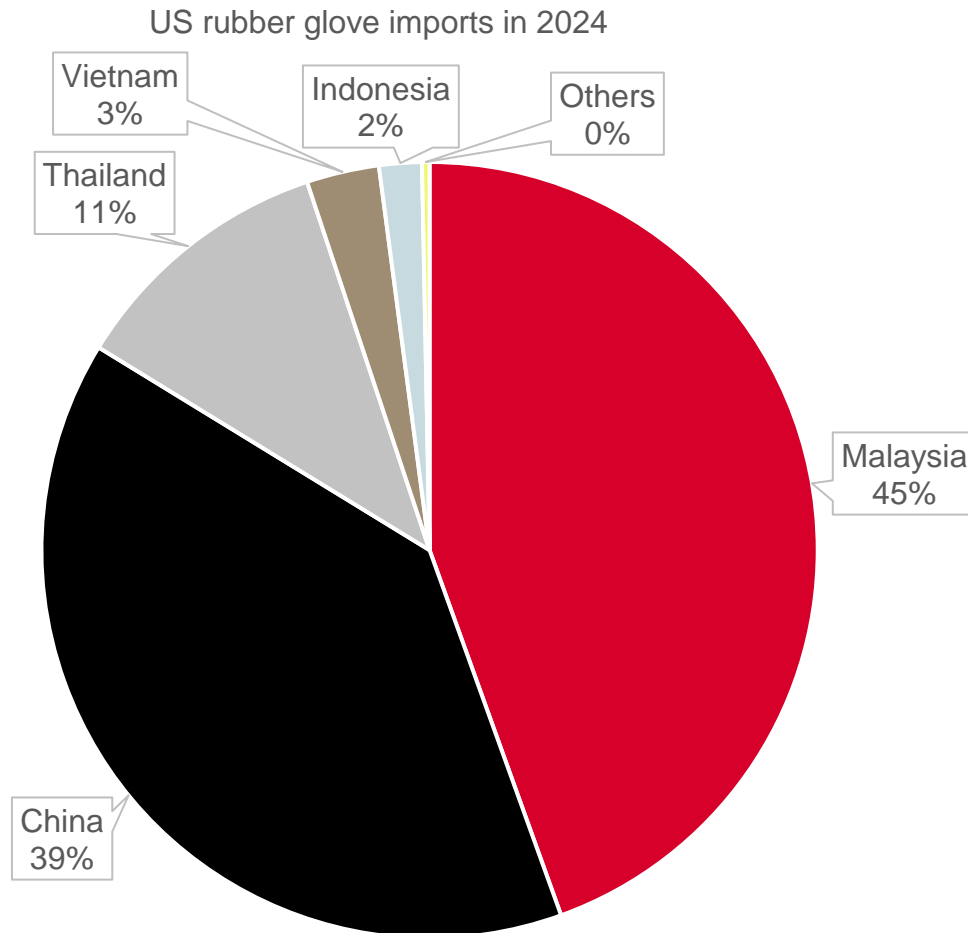
US tire imports in 2024



- Thailand is the second-largest tire producer globally, following China.
- China's tire production hit 1.18 billion units in 2024, up 9.2% from a year earlier.
- Thailand's tire production is around 58 million units. The tire production is seen to be increasing to 96.31 million units by 2033.

Country	Tire type	Rate	Announcement
South Korea	Passenger car and light truck	Down to 4.2-6.3% vs 14.72-27.05%	Nov. 2024
Thailand	Truck and bus	12.33-48.39%	Nov. 2024
	Pasenger car	Down to 4.52% vs 17.06-21.09%	Jan. 2024
China	Passenger car and light truck	20.73-116.73%, extended	Aug. 2024
Taiwan	Passenger car and light truck	20.04-101.84%	May. 2021
Vietnam	Passenger car and light truck	zero-22.27%	May. 2021

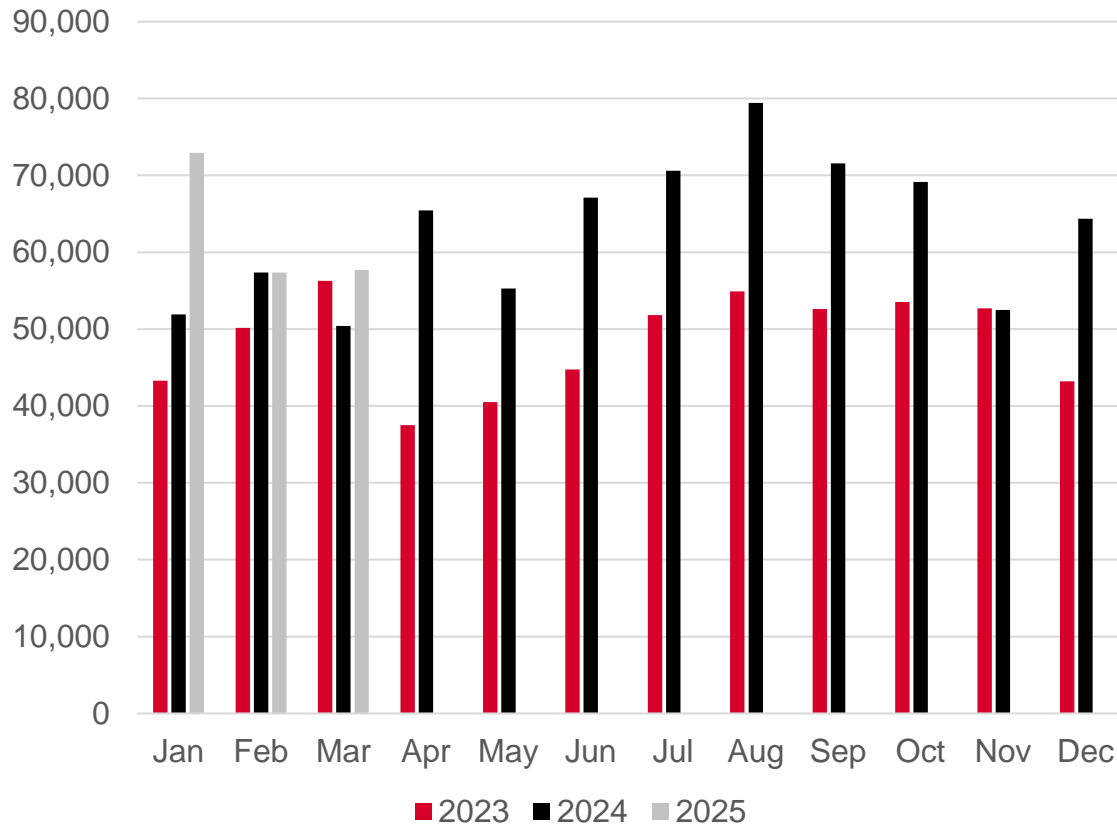
## Rubber glove US imports: China's rubber exports likely to be affected by US-China trade tension



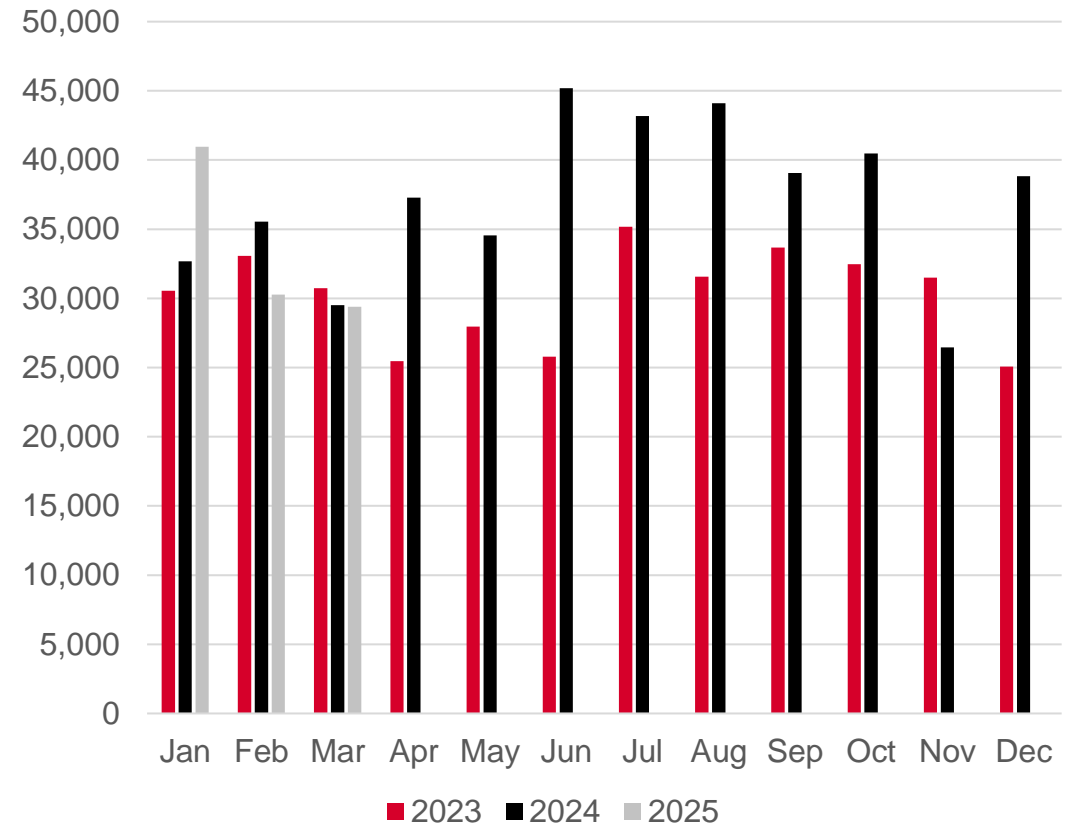
- Malaysia bans non-locally produced rubber glove exports
- NB latex demand hit by US-China tariff war as rubber glove exports from China to the US would likely slow down
- China's NB latex plant operations at around 50-60%

# South Korea's NB Latex exports increasing as rubber glove production picking up

South Korea's NB latex exports (mt)



South Korea's NB latex exports to Malaysia (mt)



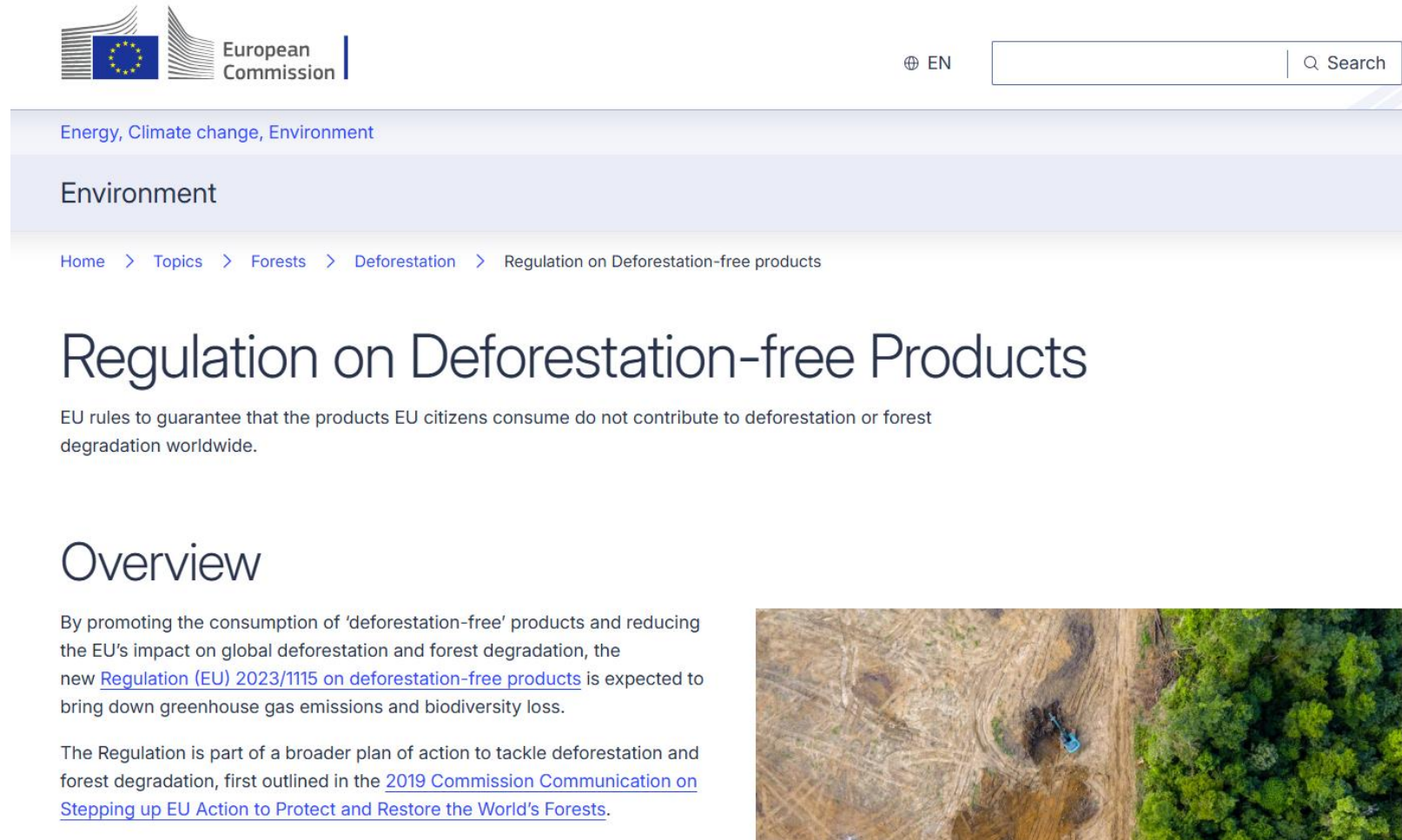
# Natural rubber



## Natural rubber: 70% of global production comes from SE Asia

	Country	Annual Production	Note
1	Thailand	4.7-4.8 million mt	Thailand accounts around 30-40% of global production
2	Indonesia	3 million mt	Second largest producer. Accounts around 10-20% of global production
3	Ivory Coast	1.3 million mt	Third or fourth largest rubber producer globally
4	Vietnam	1 million mt	Around 7% of global production
5	India	900,000 mt	Rubber production to hit 1 million by 2030
6	China	800,000 mt	Largest rubber consumer globally
7	Malaysia	400,000 mt	Rubber production is decreasing

# Asia natural rubber: Impact from EU Deforestation Regulation (EUDR)

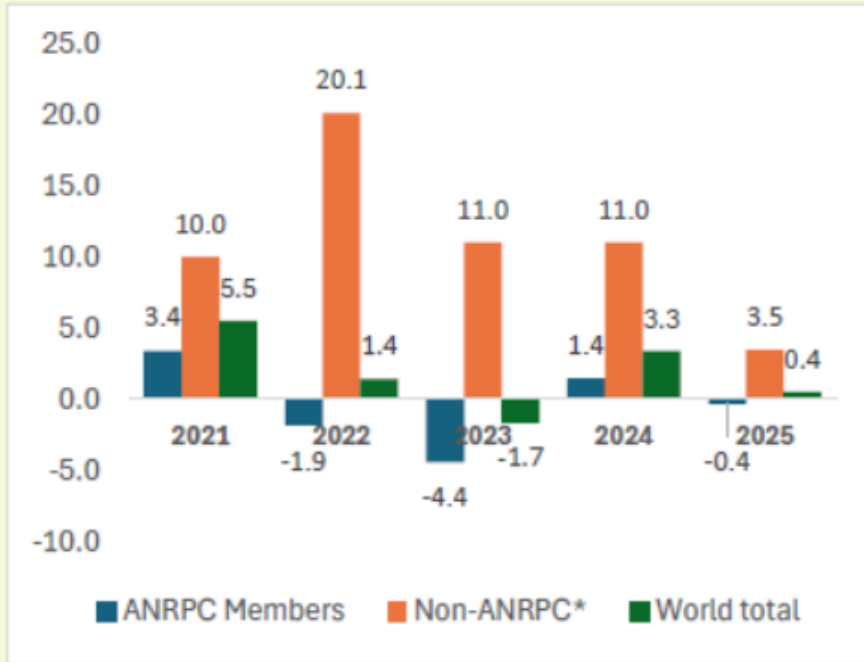


The screenshot shows the European Commission website. At the top left is the European Commission logo. To its right is a language selector showing 'EN' and a search bar with the text 'Search'. Below the logo is a navigation bar with the text 'Energy, Climate change, Environment'. Underneath is a large blue header with the word 'Environment'. Below that is a breadcrumb trail: 'Home > Topics > Forests > Deforestation > Regulation on Deforestation-free products'. The main heading is 'Regulation on Deforestation-free Products'. Below the heading is a sub-heading: 'EU rules to guarantee that the products EU citizens consume do not contribute to deforestation or forest degradation worldwide.' Below this is a section titled 'Overview'. The text in the 'Overview' section reads: 'By promoting the consumption of 'deforestation-free' products and reducing the EU's impact on global deforestation and forest degradation, the new [Regulation \(EU\) 2023/1115 on deforestation-free products](#) is expected to bring down greenhouse gas emissions and biodiversity loss. The Regulation is part of a broader plan of action to tackle deforestation and forest degradation, first outlined in the [2019 Commission Communication on Stepping up EU Action to Protect and Restore the World's Forests](#).' To the right of the text is an aerial photograph showing a blue excavator working in a cleared area, with a dense green forest to the right.

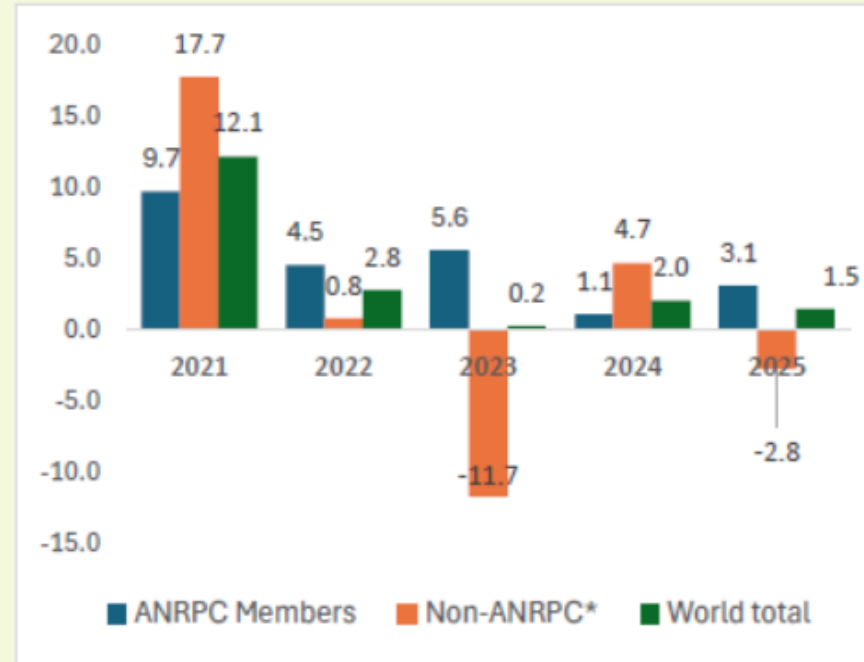
- Natural rubber and downstream rubber and tire products are in the list of EUDR
- Natural rubber must be produced on land which has not been deforested from 2021
- Suppliers need to ensure their supply chains are not linked to deforestation
- Suppliers need to trace the origin of rubbers

# Natural rubber production seen coming down in Asia: ANRPC

Fig 2: Trends of Global NR Outlook, 2020-2025 (% Growth)



(a) Global Supply



(b) Global Demand

ANRPC Members	
Bangladesh	Cambodia
China	India
Indonesia	Malaysia
Myanmar	Papua New Guinea
the Philippines	Singapore
Sri Lanka	Thailand
Vietnam	

## Key takeaways

- Butadiene supplies from Southeast Asia to Northeast Asia have dropped after steam cracker shutdowns. Butadiene supplies are seen to increase again after May following a startup of new steam cracker in Indonesia.
- Deepsea supplies from the US and Europe are currently limited amid weaker Asian market. Local China market is higher than CFR China, which also kept ex-China exports limited.
- For long-term, additional butadiene supplies are seen in NE Asia from China, South Korea. Japan's supplies would turn tight after cracker shutdowns after 2027.
- SE Asia may export more rubber downstream products, such as tire or rubber gloves, to the US amid US-China trade tension
- SE Asia's rubber production is seen to be coming down but remains top producer. Production is increasing in India or Ivory Coast

# Thank You!

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