

The next level: How Asia is moving up the synthetic rubber value chain



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Agenda

01 Synthetic rubber demand outlook

02 Supply chain integration

03 New trends

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Synthetic rubber demand outlook

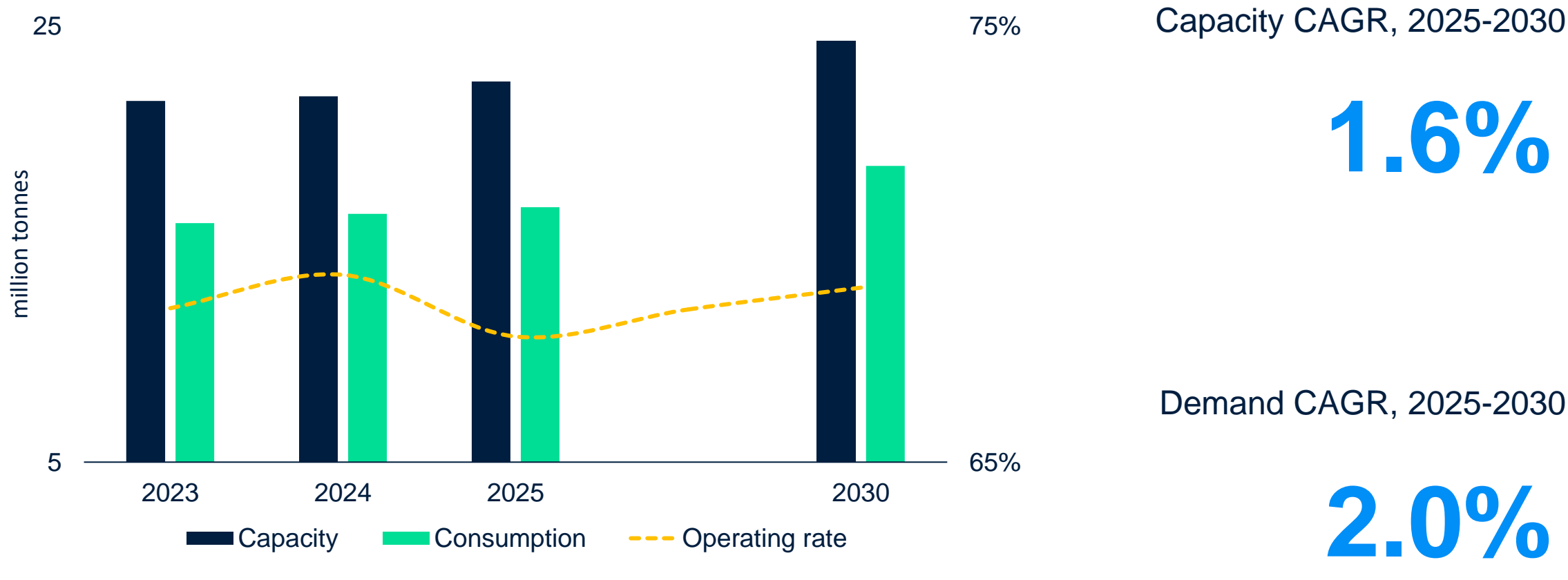
Assessing demand outlook amid evolving economic scenarios to identify future growth prospects



SR balance expects slight improvement in medium term



Synthetic rubber global demand expected to surpass capacity additions, necessitating increase in operating rates. However, changes may vary across different products



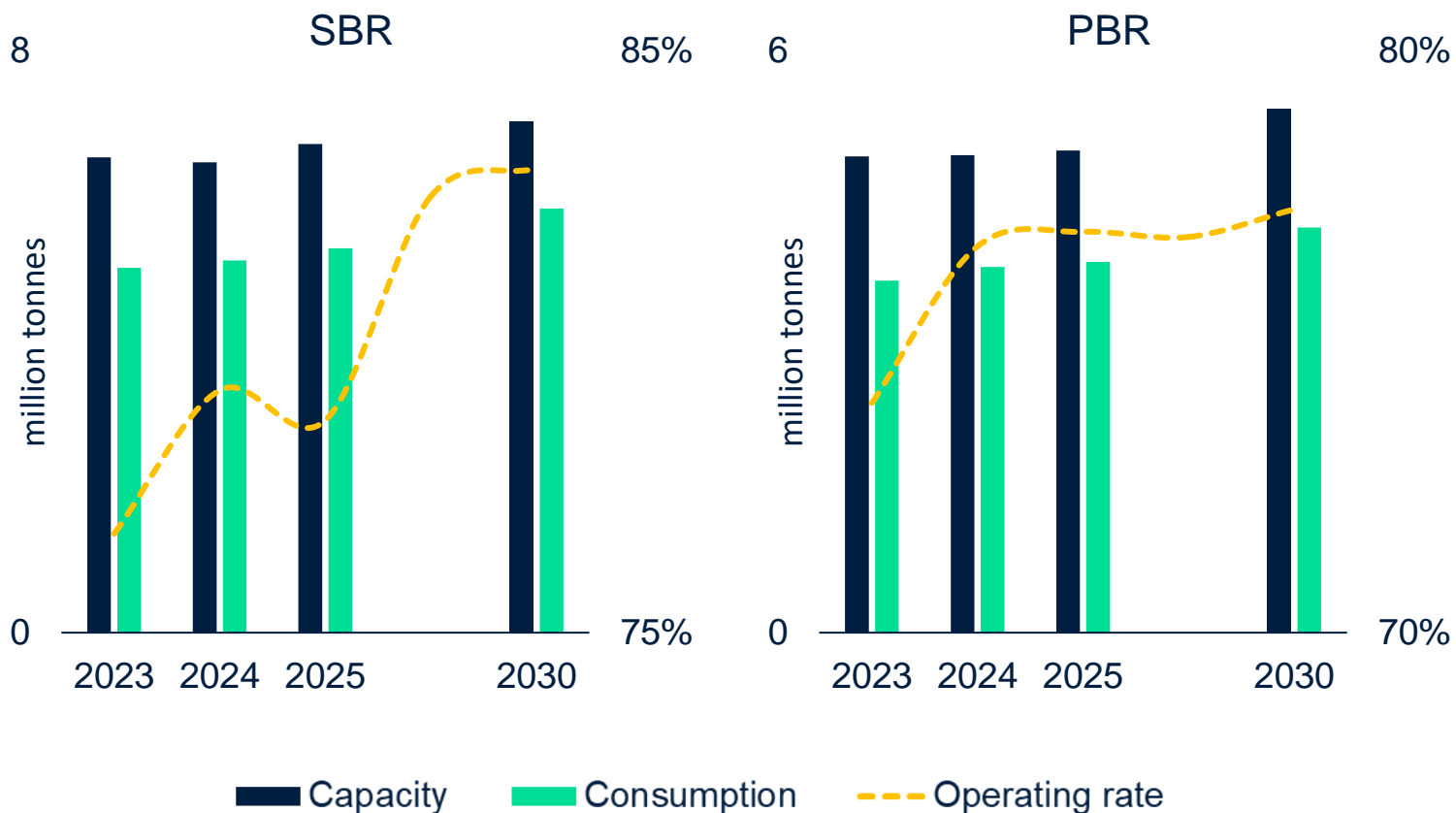
Note: Including CPR, IIR, IR, EPDM, NBR, PBR, SBCs, SBR

Source: ICIS Supply & Demand database

SBR & PBR focus - Different stories



SBR anticipated to experience tighter supply-demand balance due to limited capacity expansion; PBR expected to see minimal change with continual capacity expansion



Capacity CAGR, 2025-2030

0.9% & 1.7%

SBR

PBR

Demand CAGR, 2025-2030

2% & 1.8%

SBR

PBR

Source: ICIS Supply & Demand database

What's in store for synthetic rubber demand **in 2025?**



Global economy

- **Increased trade disputes, heightened Mideast tensions** to introduce uncertainties into markets, impacting demand outlook
- Cautious optimism for gradual recovery if trade policies improve
- ICIS anticipates rebound later this year, with **projected 2.3% GDP growth in 2025**, signalling deceleration in rubber demand growth



Natural Rubber

- Demand for natural rubber set to rise
- However, production constrained by environmental, regulatory, market challenges
- Could lead to **potentially tight supply situation**



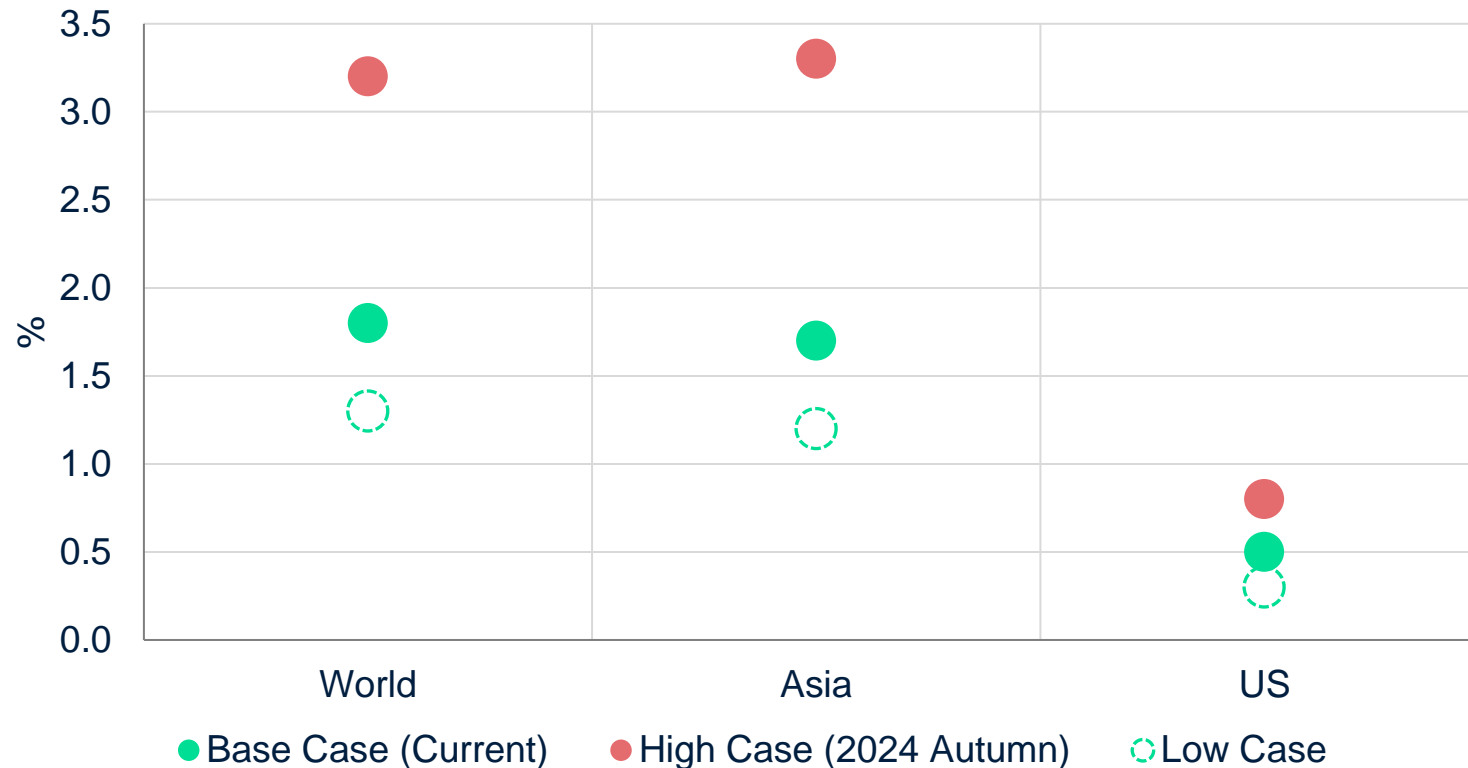
Automotive

- Industry in 2025 expected to navigate complex landscape
- Marked by contraction in production, sales; influenced by tariffs, weak demand, high inventory levels
- **EV penetration rate** set to increase

Growth in 2025 hit by trade uncertainty



Global synthetic rubber consumption growth forecast scenarios



Note: Including CPR, IIR, IR, EPDM, NBR, PBR, SBCs, SBR

Source: ICIS Supply & Demand database

Key highlights

- ICIS has cut global SR demand forecast for 2025 compared with previous autumn 2024 forecast
- Adjustment primarily due to supply chain disruptions, margin pressures, consumer confidence
- Asia's market share expected to undergo minimal changes as buyers have limited alternative options available

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Supply chain integration

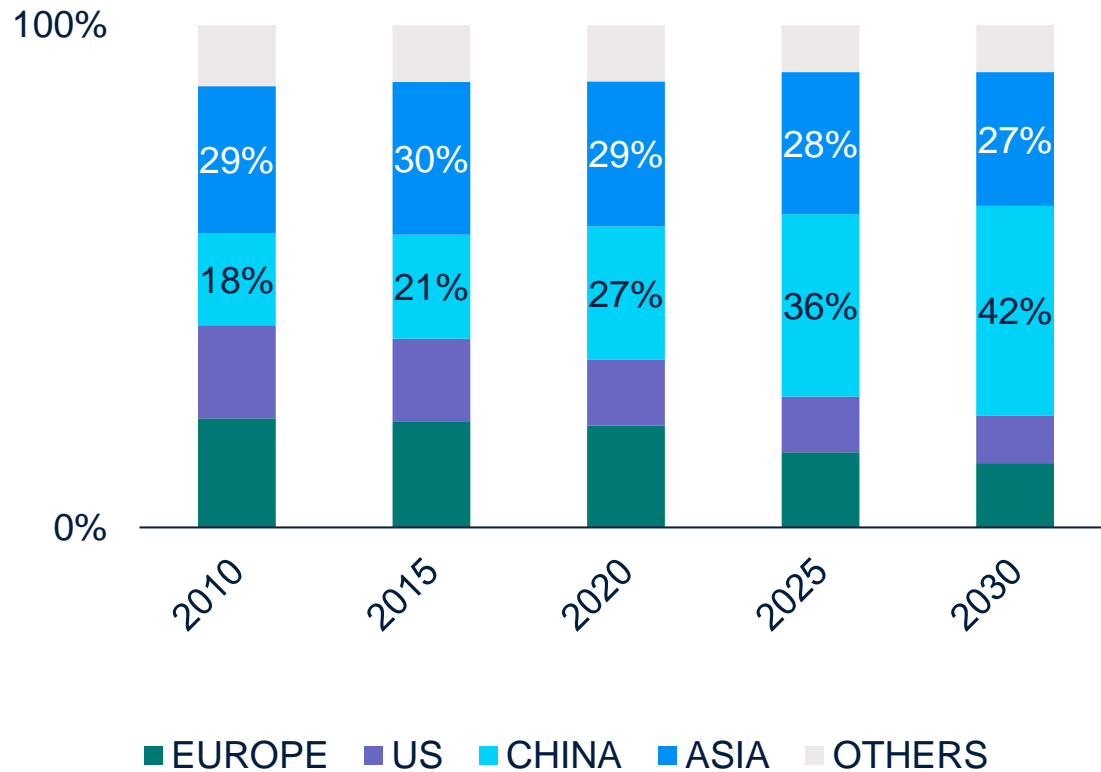
Deepening BD-synthetic rubber-tyre integration to optimise costs, capture additional value by streamlining, strengthening supply chain relationships



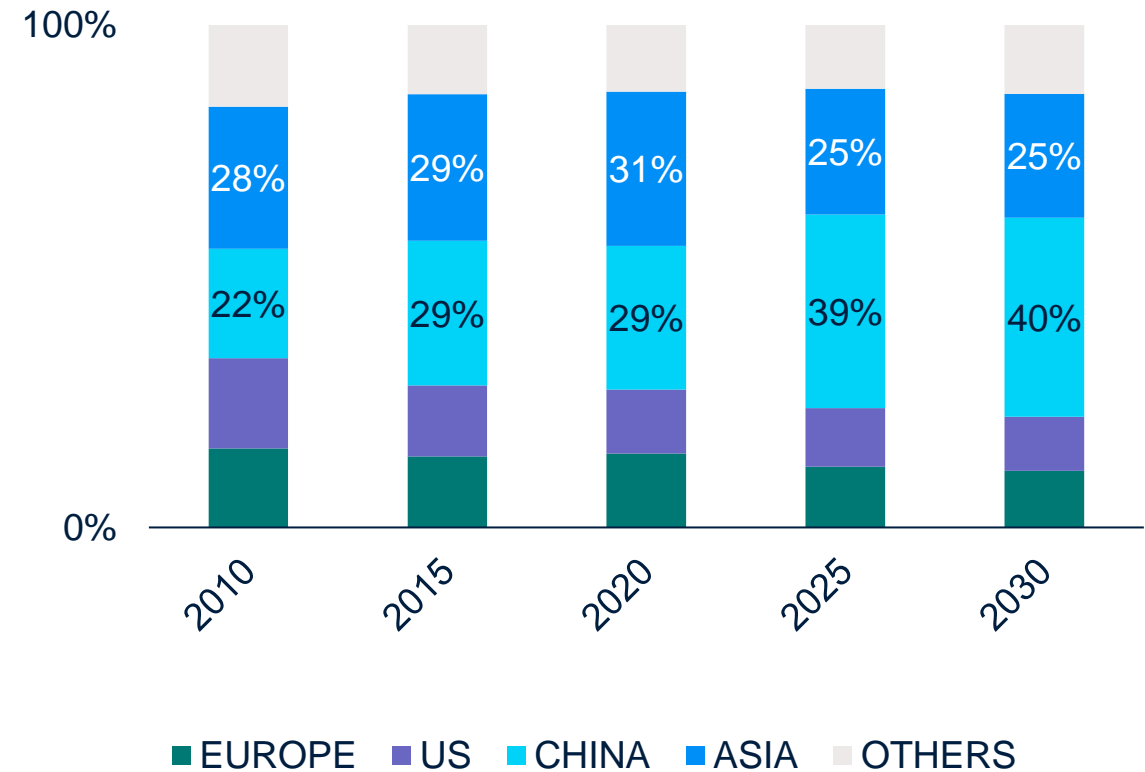
China's position amid shifting global landscape



Global BD capacity by region

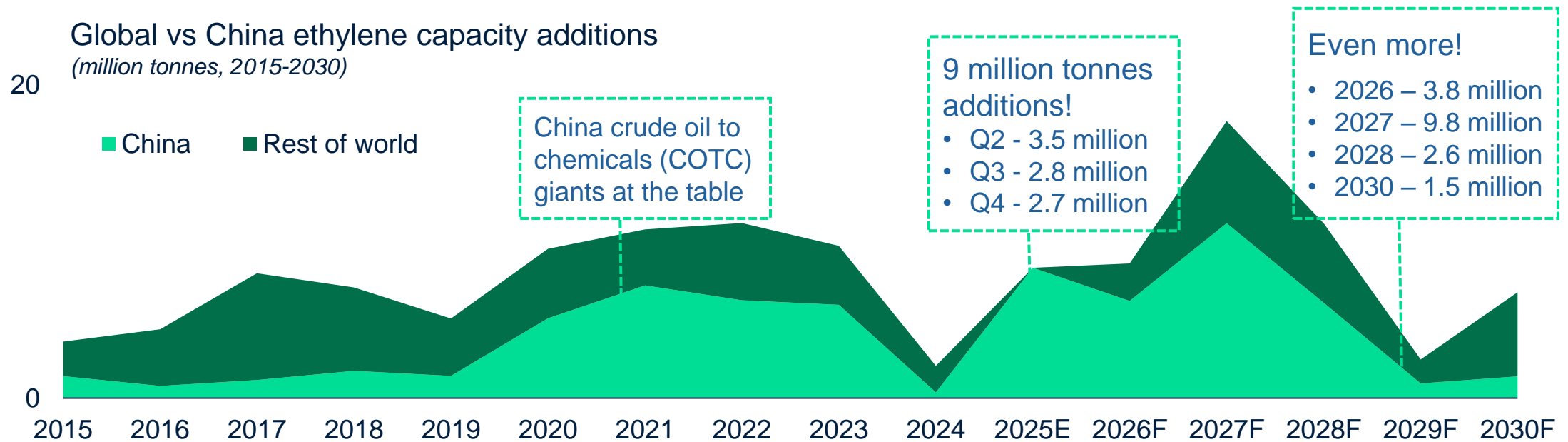
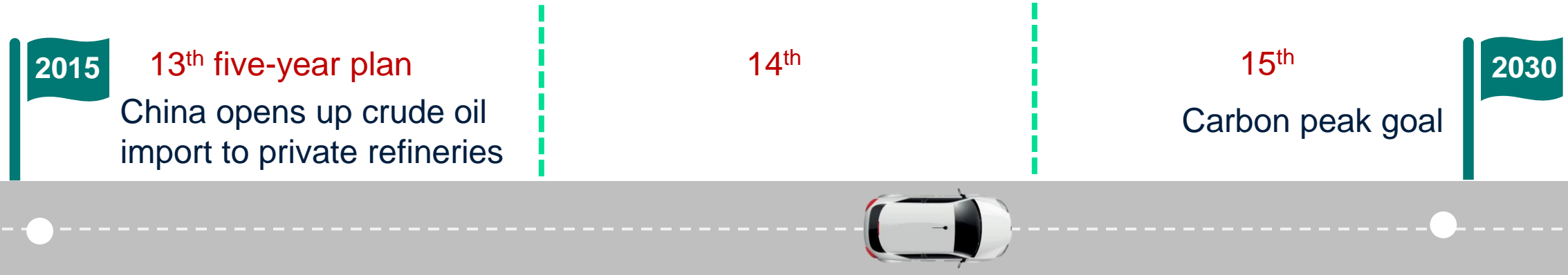


Global SBR, PBR capacity by region



Source: ICIS Supply & Demand database

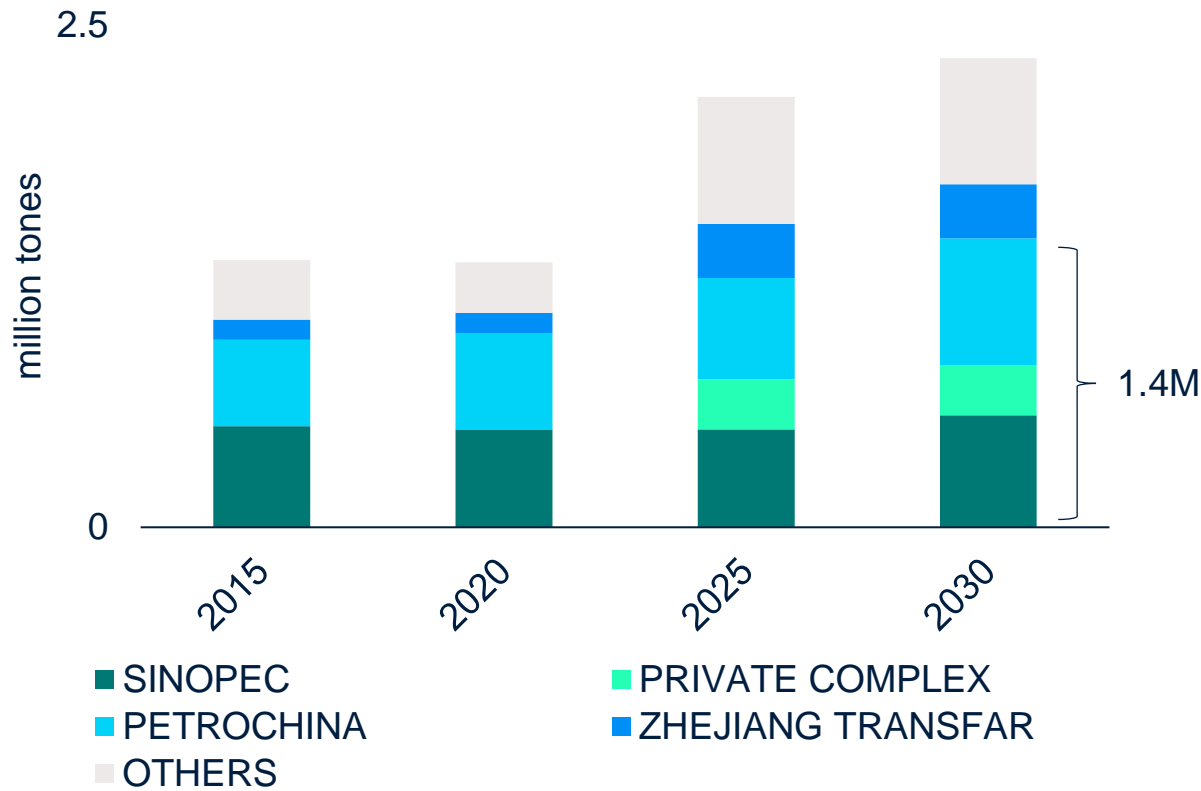
Why does China still invest on chemicals capacity?



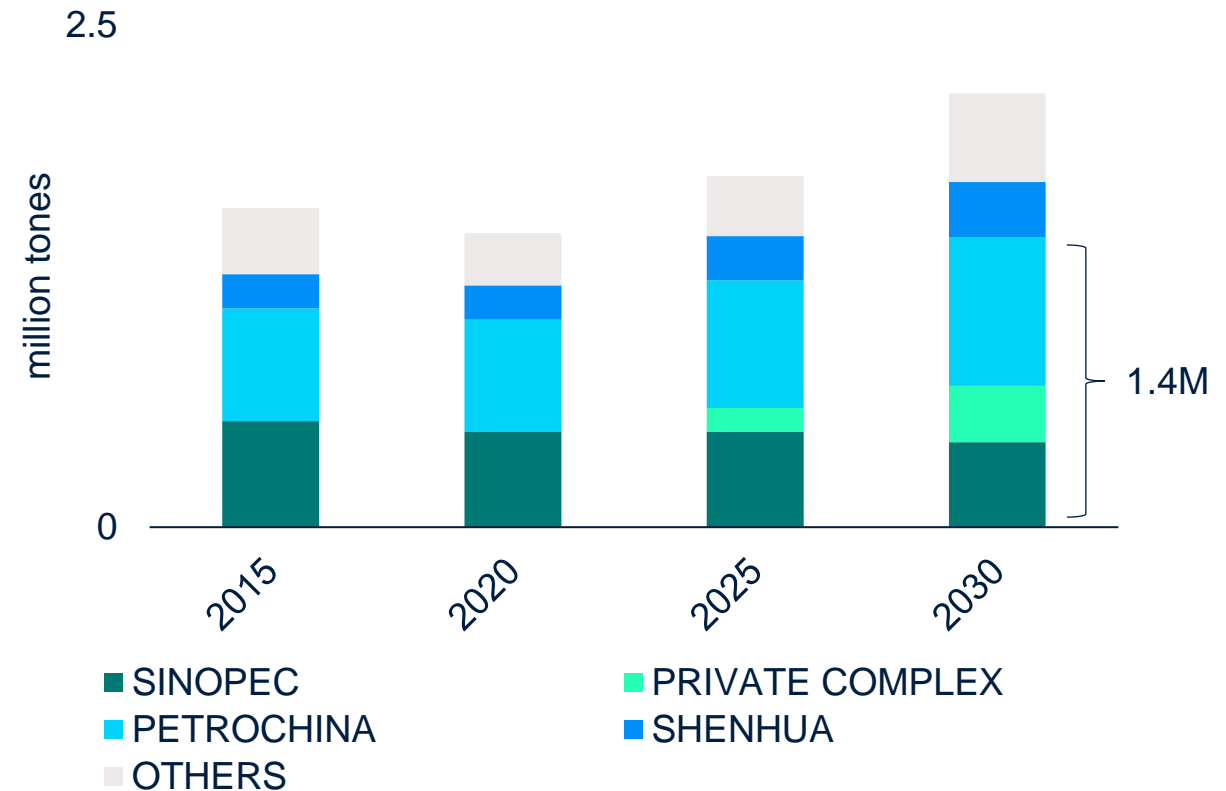
Increased vertical integration enhances competitive edge of China producers



China PBR capacity



China SBR capacity

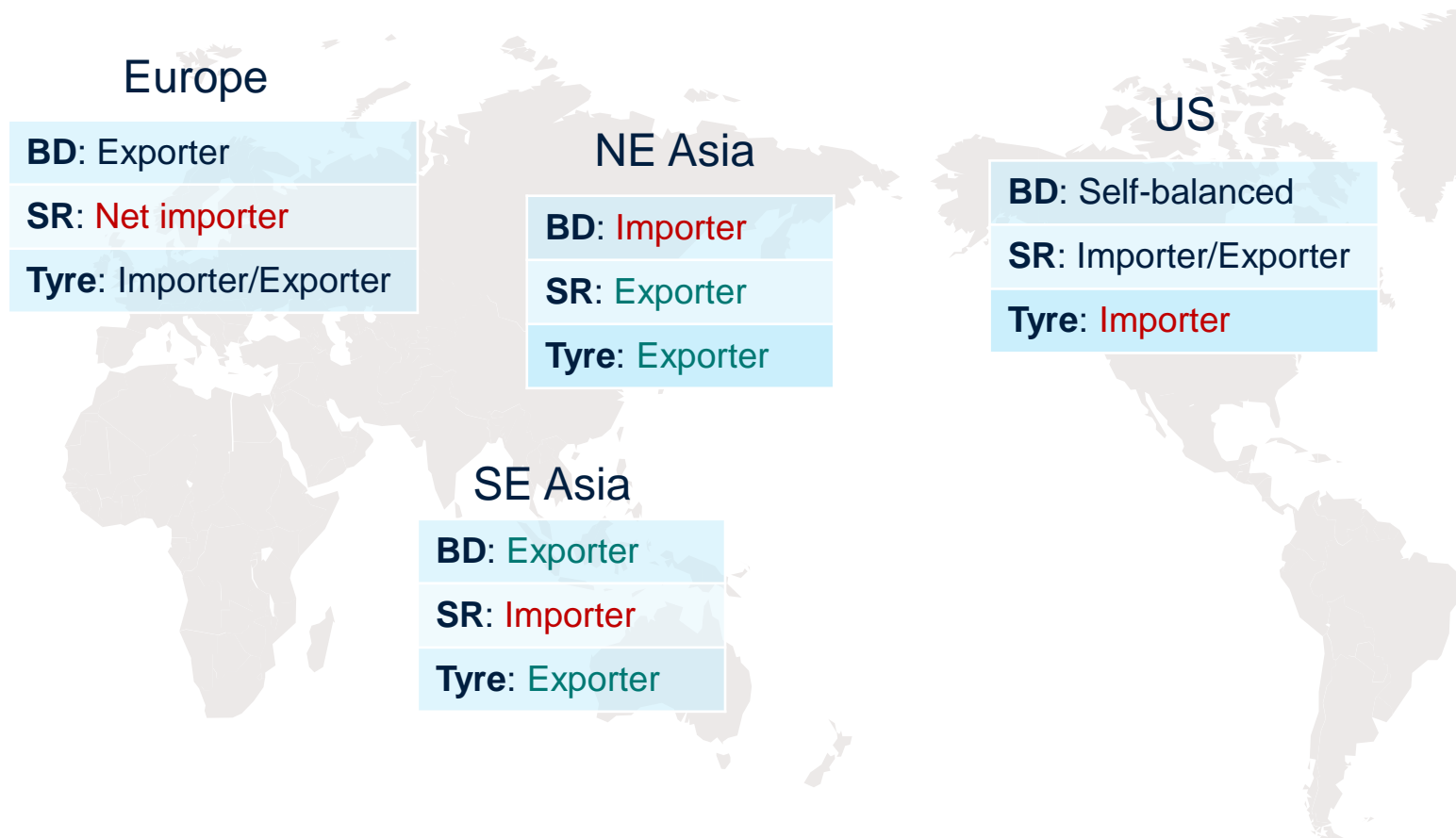


Source: ICIS Supply & Demand database

Will global BD-synthetic rubber-tyre chain see further shifts?



Region/country's net trade position



Key highlights, assumptions

- SE Asia: SR investment potential
- China: More active as SR exporter
- US: May see change of role in BD rather than SR, tyres
- Europe: Fewer exports, more self-balanced for BD
- Russian, Iran: Uncertain due to sanctioned movements

Tariff uncertainties could bring potential changes



Squeezed margins



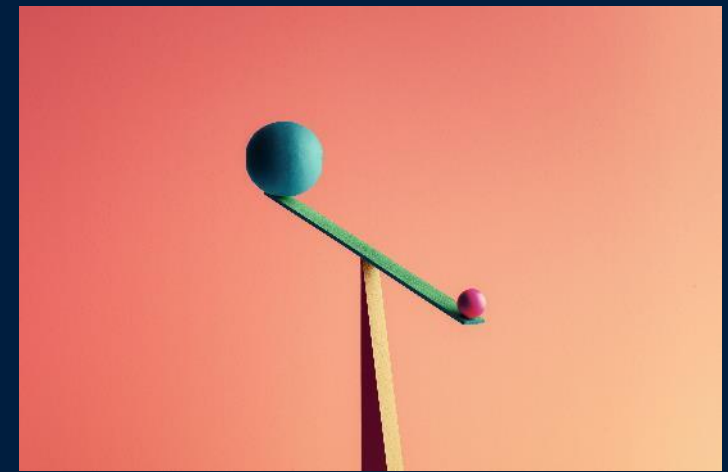
Rising operational costs alongside reduced demand forecast set to put pressure on profit margins

Investment shifts



Financial performance could potentially influence investment interests, leading to potential shifts in strategies globally

Long BD balance risk



Potential ethane/LPG supply risk, low oil prices could lead to pause in using lighter feedstock slates for crackers, possibly resulting in increased BD yield

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New trends

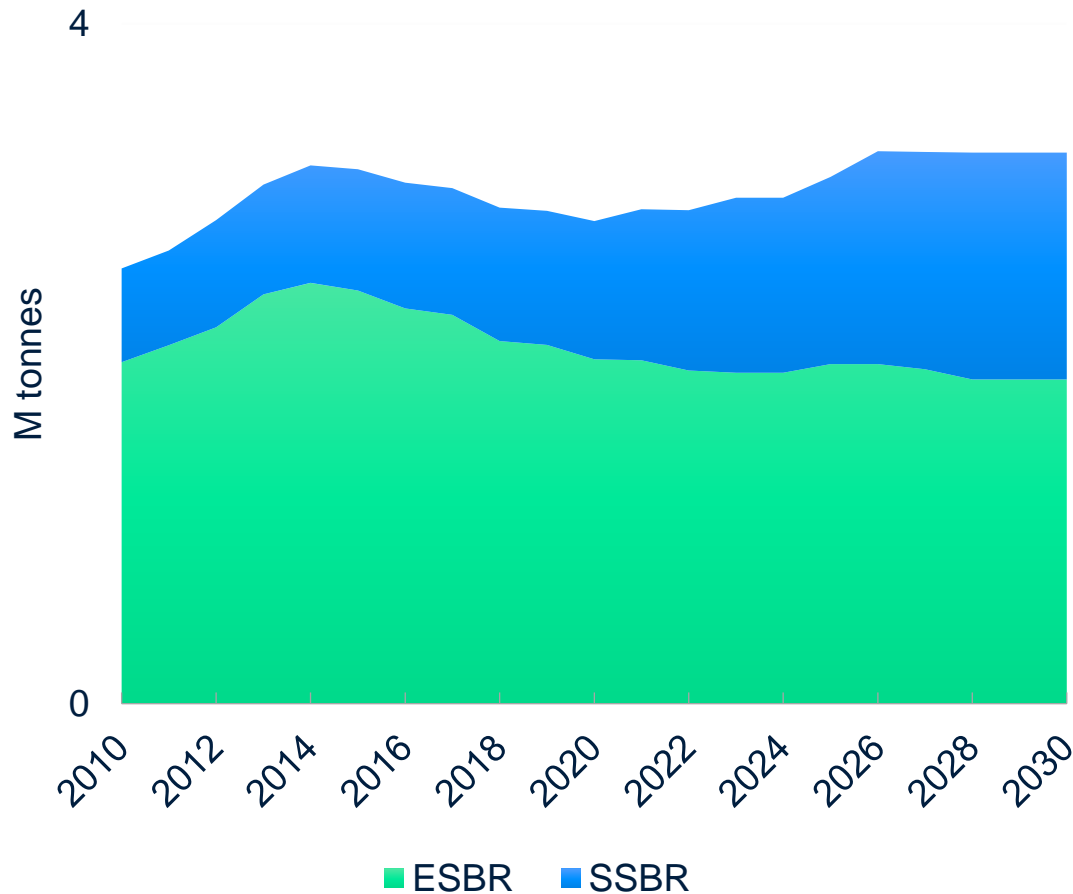
Increasing focus on specialty rubbers with higher value-added applications in response to increasing emphasis on sustainability



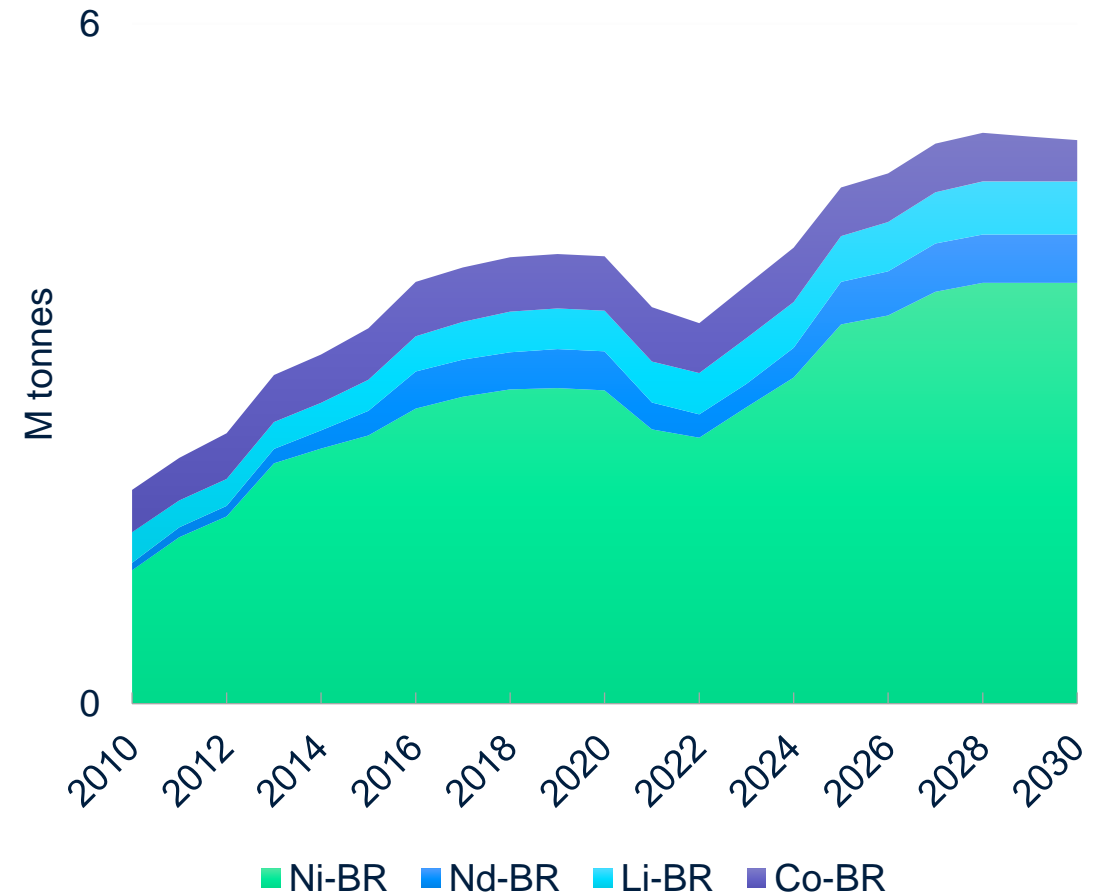
More investment in SSBR, Li-BR, while Ni-BR remains as mainstream to balance upstream BD



Asia SBR capacity by type



Asia PBR capacity by catalyst



Source: ICIS Supply & Demand database

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Key trends in synthetic rubber markets

 Ask ICIS

The synthetic rubber market is currently facing several key trends that are expected to shape its landscape over the next five years:

1. Market Uncertainty and Demand Concerns: The Asian synthetic rubber market, particularly for styrene butadiene rubber (SBR) and polybutadiene rubber (PBR), is experiencing significant downward pressure due to concerns over demand from key sectors like automotive and appliances. This is exacerbated by ongoing trade tensions, particularly the US-China trade war, which has led to tariffs affecting purchasing decisions and market sentiment [1](#).

2. Price Volatility: Prices for synthetic rubbers have reached lows not seen since early 2024, with SBR prices dropping significantly. The market is characterized by a reluctance to purchase raw materials amid uncertainty, leading to a bearish outlook for the near term [2](#).

3. Impact of Tariffs: The introduction of tariffs has led to a cautious approach among buyers, with many opting to delay purchases until the market stabilizes. This has resulted in a decrease in operating rates for some production facilities, particularly in Asia [2](#).

4. Supply and Capacity Dynamics: Despite the current demand challenges, global synthetic rubber capacity is expected to grow significantly in 2025, potentially outpacing demand growth. This oversupply situation could lead to further price decreases and increased competition among producers [3](#).

5. Environmental Considerations: There is a growing emphasis on sustainability and green innovations within the synthetic rubber industry. Companies are increasingly investing in environmentally friendly products and processes, which may influence future market dynamics [4](#).

Overall, the synthetic rubber market is likely to remain under pressure from external economic factors, trade policies, and evolving consumer preferences towards sustainability. The next few years will be critical for industry players as they navigate these challenges and adapt to changing market conditions.

For further details, you can refer to the specific articles: [1](#), [2](#), [4](#), [3](#).

Citations:

[1. Asia synthetic rubber market nears 14-month low, demand outlook shaky](#)

[2. Styrene-Butadiene Rubber Asia-Pacific Price Forecast - 2025-04-11](#)

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New trends in BD-synthetic rubber market



Rubber demand changes amid robust EV growth



- Rising requirements for green tyres
- Lower number of original equipment (OE) tyres per vehicle

PBR futures in China reshaping pricing mechanism



- More speculative non-industrial funds in the industry
- More volatility, sensitivity to macro sentiment

Increasing sustainability awareness



- ISCC PLUS introduction and product carbon footprint assessments
- Bio-based materials for tyre manufacturing

Key takeaways



- 1. Global synthetic rubber demand outlook has substantially weakened but ICIS believes negative outlook will be avoided** for 2025 with support from fiscal stimulus, monetary easing. Slight improvement expected in synthetic rubber balance in medium term
- 2. Vertical integration set to bolster competitiveness of China producers.** Companies may consider reviewing strategies to maintain market positions through partnerships, differentiation, strategic locations
- 3. 2025 BD, synthetic rubber supply/demand projections as well as price forecasts influenced by recent tariff introductions.** BD poised for more substantial changes, easing pressure for rubber and end-markets
- 4. Uncertainties surrounding tariffs underscore critical nature of supply chain risk management, diversification, localization efforts**

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