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Evolution of Asian Benzene Market Landscape in 2026

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01

Asian benzene supply dynamics shift with changing trade flows

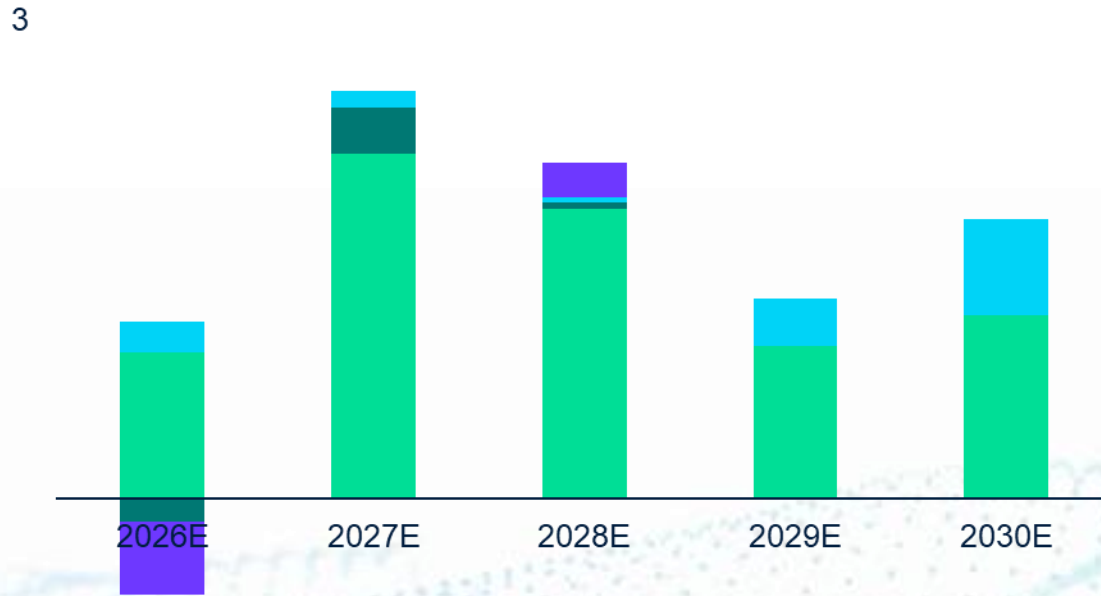




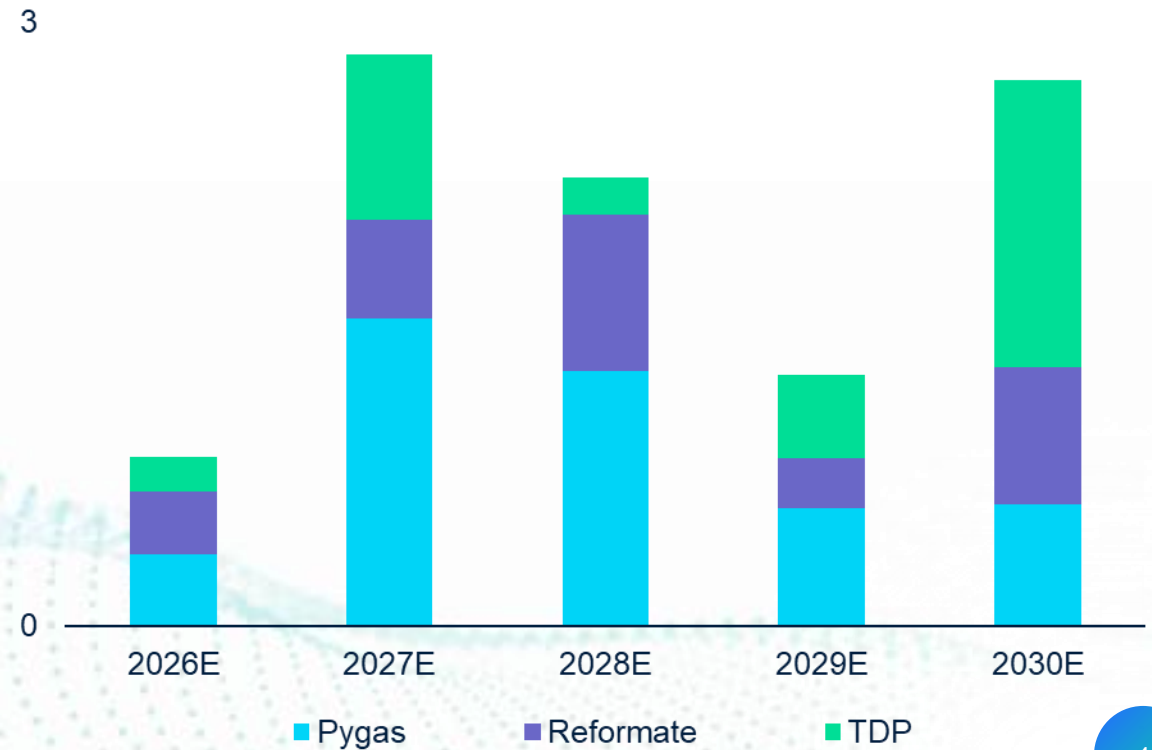
China continues to drive global capacity growth

- Asia's benzene capacity is expected to grow by 1% in 2026 and 4% in 2027, mainly driven by China
- New capacity from reforming will decline, with more from cracker byproducts and TDP

Distribution of global benzene capacity additions
(million tonnes, 2026E-2030E)



Global benzene capacity additions route
(million tonnes, 2026E-2030E)



(1)

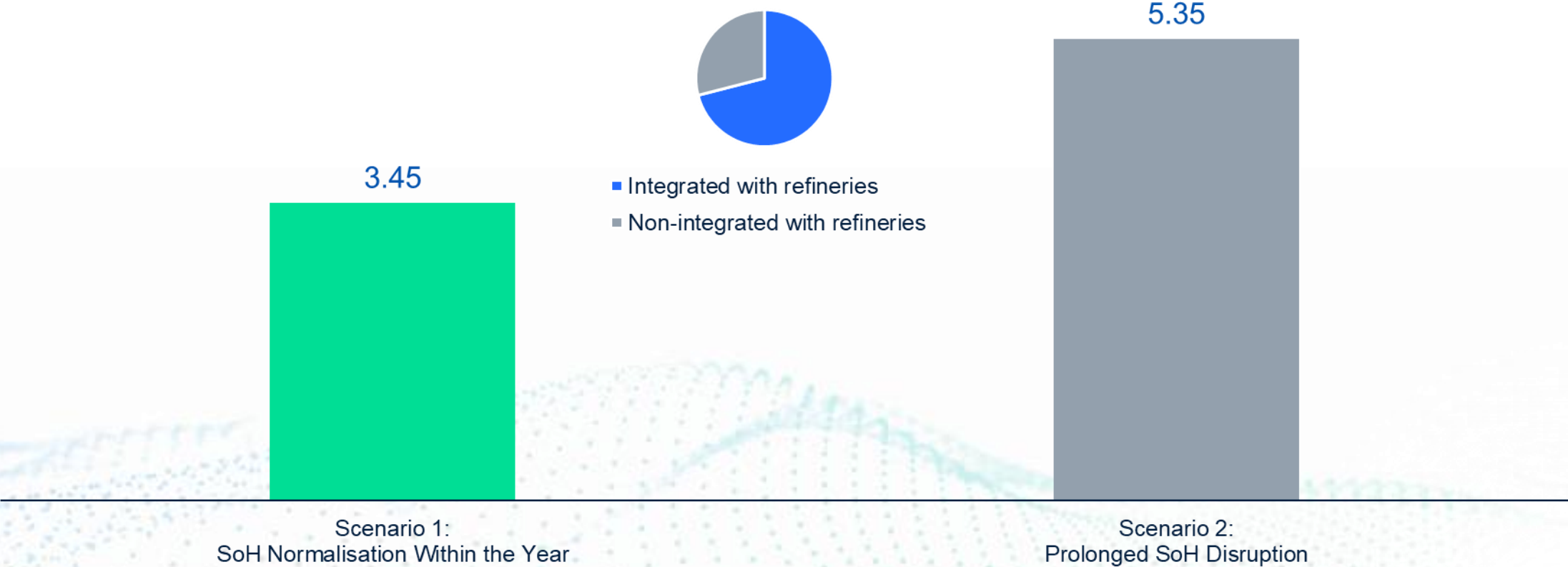
■ China ■ Northeast Asia (excluding China) ■ Asia and Pacific ■ Others

■ Pygas ■ Reformate ■ TDP

New capacity no longer guaranteed: delays rise under macro and geopolitical stress



Anticipated project delay
(million tonnes)



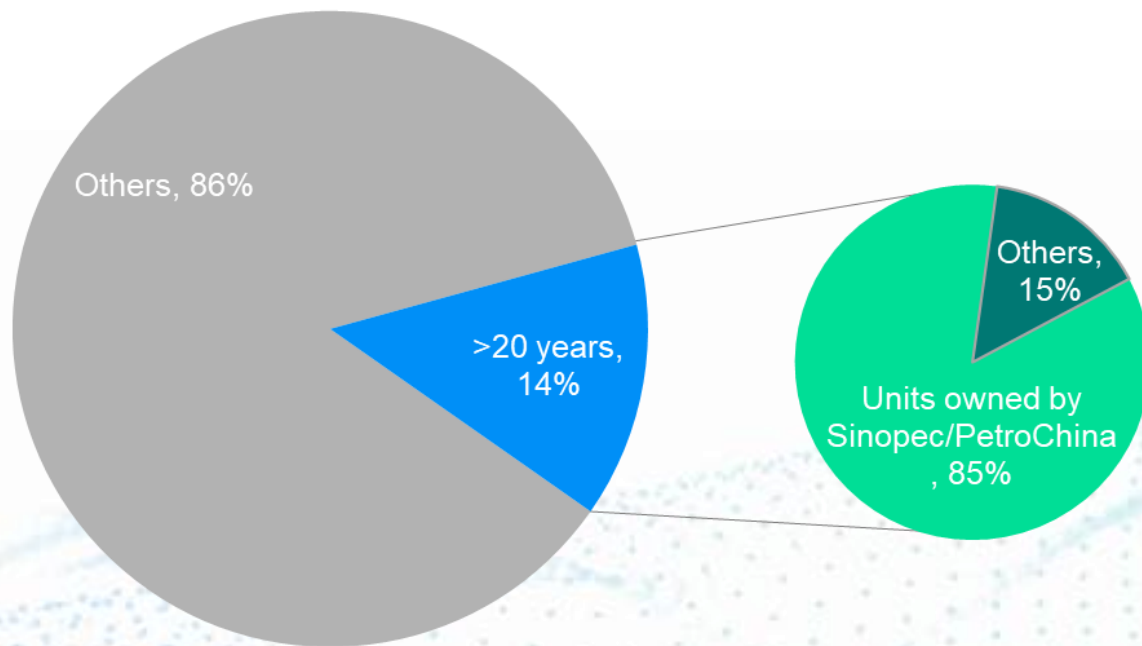
Source: ICIS Supply and Demand Database

Capacity rationalization offsets global benzene capacity expansion

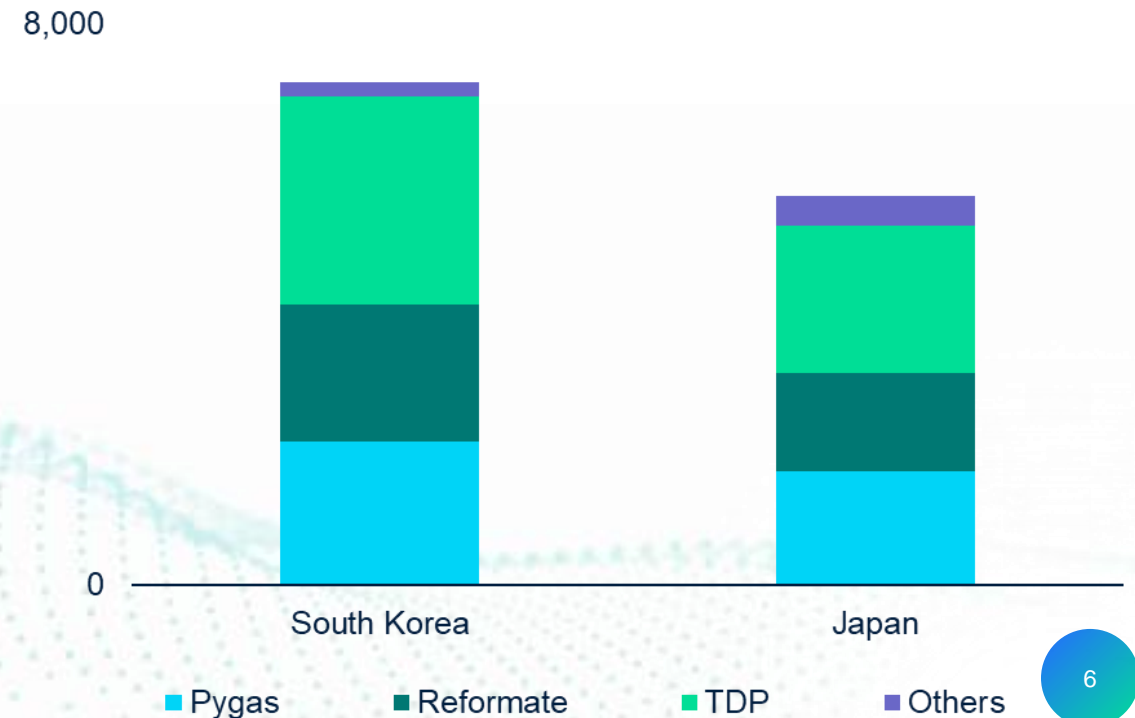


- Capacity rationalization in Japan, South Korea and China will lead to the gradual exit of some benzene capacities.
- If fully realized, the withdrawn capacity would be about 9% of Asia's total, and the supply CAGR over five years would drop from 2.8% to 1.8%

Proportion of benzene units operational for 20+ years in China
(%, 2025)

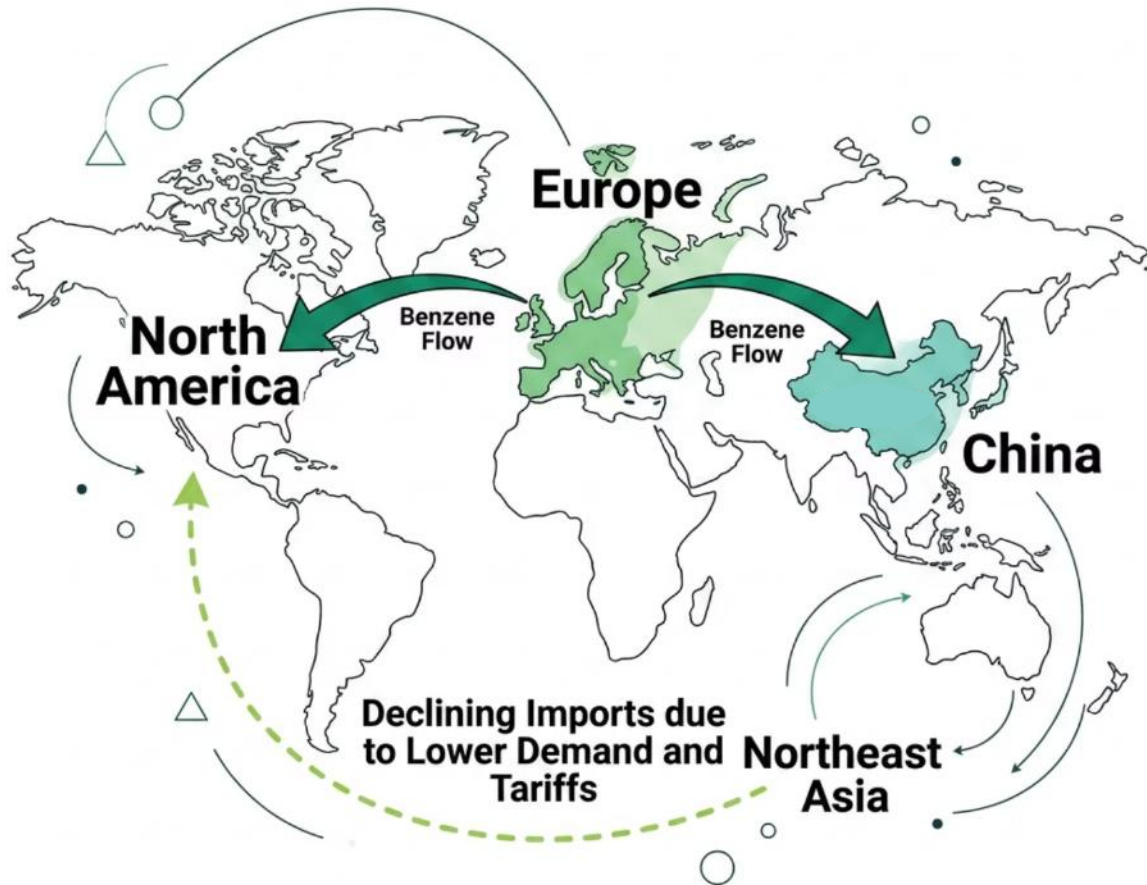


Share of benzene route in Japan & South Korea
('000 tonnes, 2025)



Source: ICIS Supply and Demand Database

Global benzene trade shifts heighten supply pressure in Asia



Europe — Net exporter

Europe exports surplus benzene to North America and China following downstream **rationalization**

Northeast Asia → North America

Northeast Asia exports to North America are **declining** due to weakening downstream demand and trade **tariffs** that have altered cost competitiveness

China — Key destination

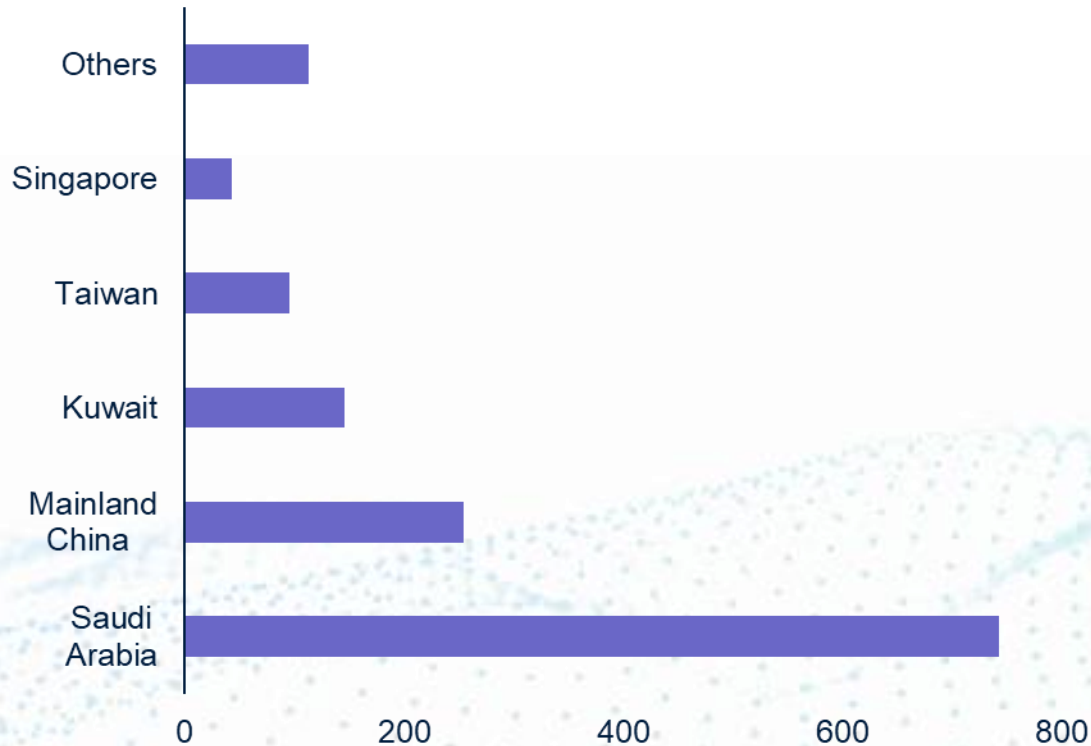
China absorbs global surplus benzene, driven by **expanding downstream** capacity and resilient domestic demand.



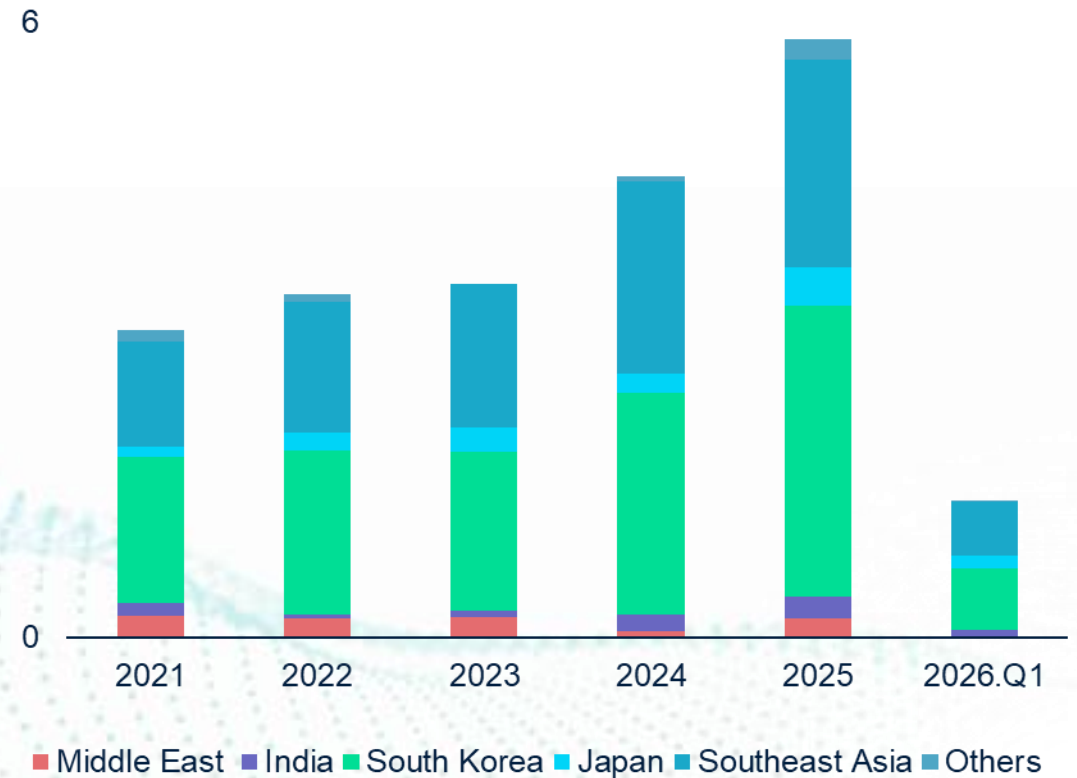
Middle East conflict may reshape trade flow within Asia

- 65% of India's benzene exports are now at risk and may be redirected to other Asian countries, especially China
- 3% of China's benzene imports come from the Middle East, with a relatively small impact

India benzene exports by country
('000 tonnes, 2025)



China benzene import source
(million tonnes, 2021-2026.Q1)

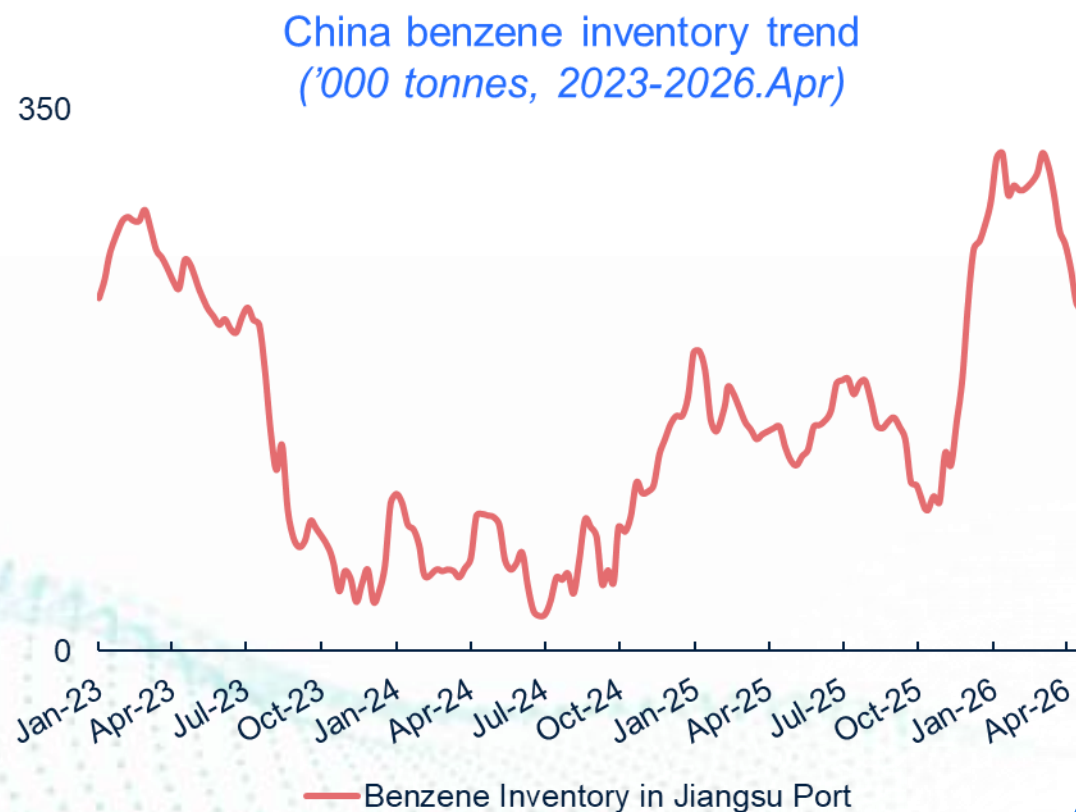


Source: ICIS Supply and Demand Database

Import decline, but hidden benzene inventories cushion China



- In Q2, planned maintenance and feedstock shortages lowered cracker utilization in Japan, South Korea, and Southeast Asia, reducing China's benzene imports
- China's benzene supply cuts are offset by hidden inventory buffers, keeping benzene spot availability relatively ample



Note: Figures for April–June 2026 are forecast

Source: ICIS Supply and Demand Database



02

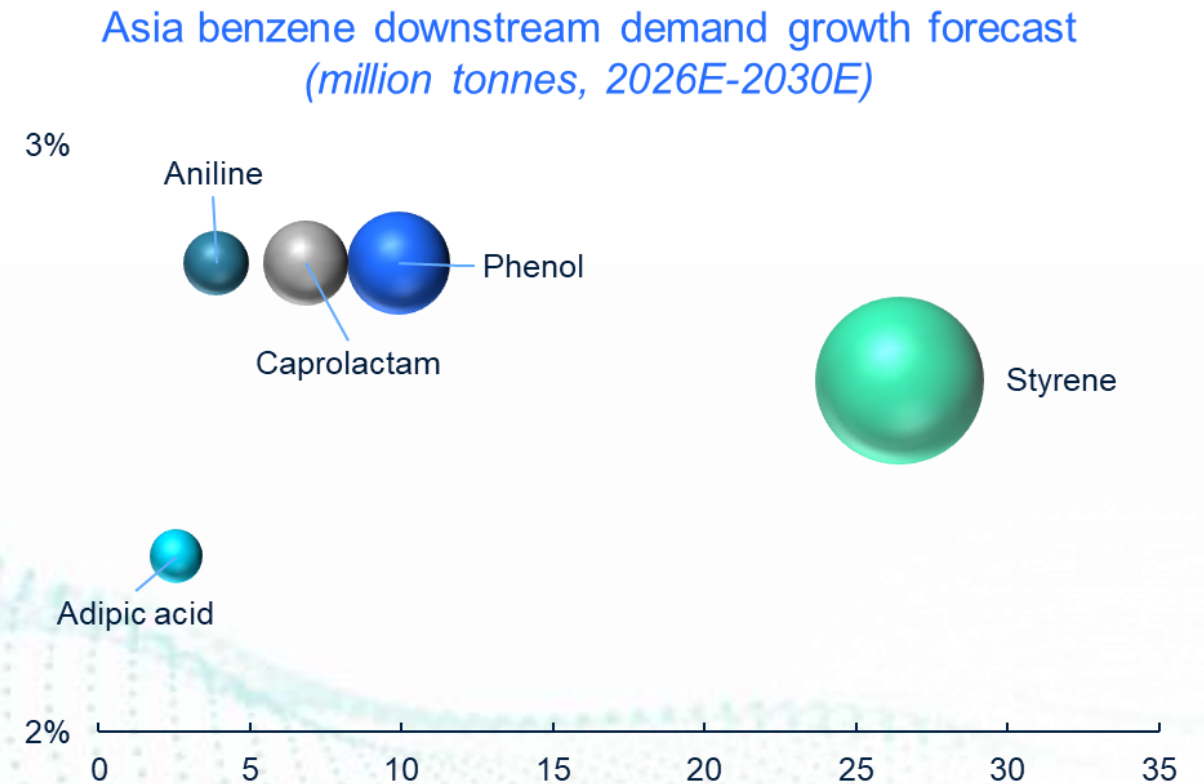
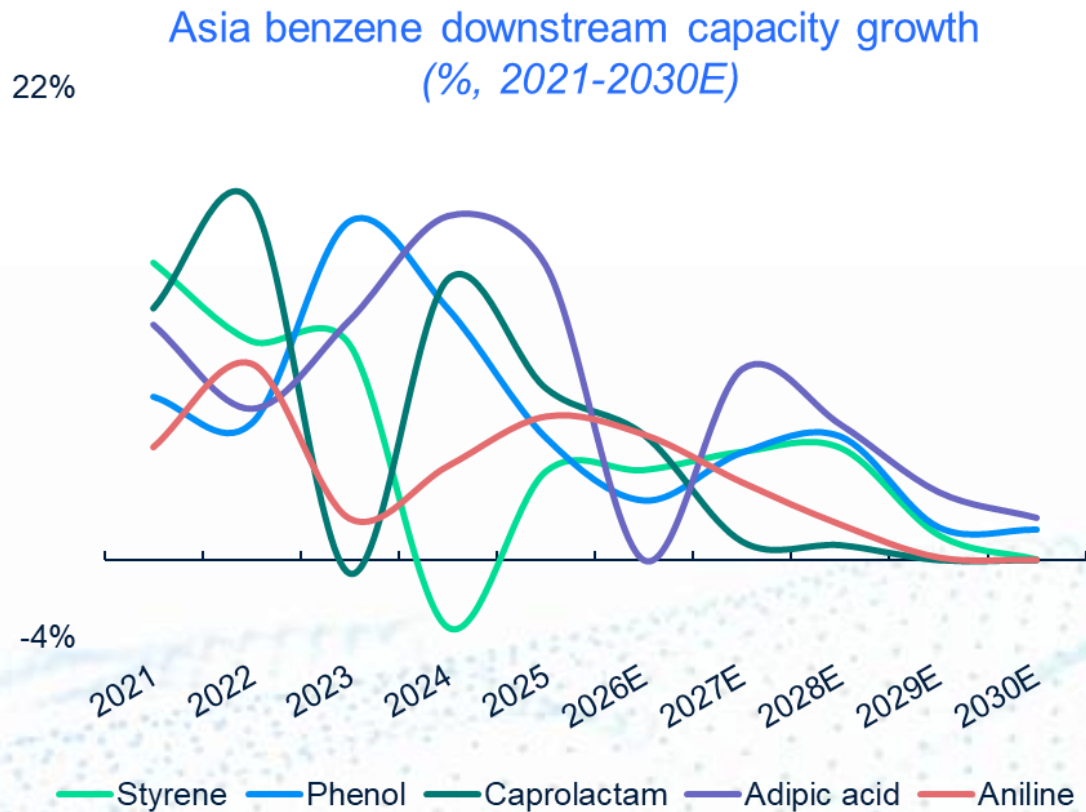
Capacity expansion and rationalization reshape benzene demand



Downstream sectors remain in capacity expansion cycle, with pace slowing down



- In 2026, benzene downstream sectors will continue expanding but at a slower pace. Some new projects are facing delays
- Global recession, geopolitical risks and trade barriers are slowing benzene downstream demand growth



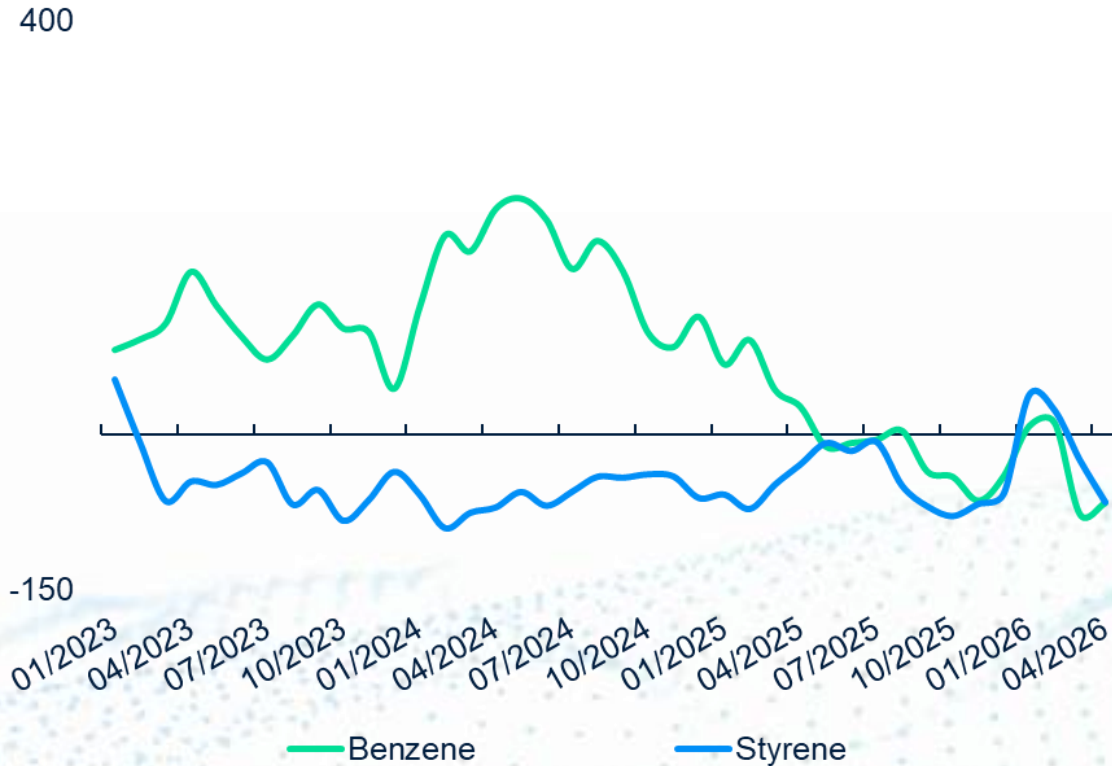
Note: Bubble size represents the demand volume in 2030
Y axis shows CAGR rate in 2026-2030



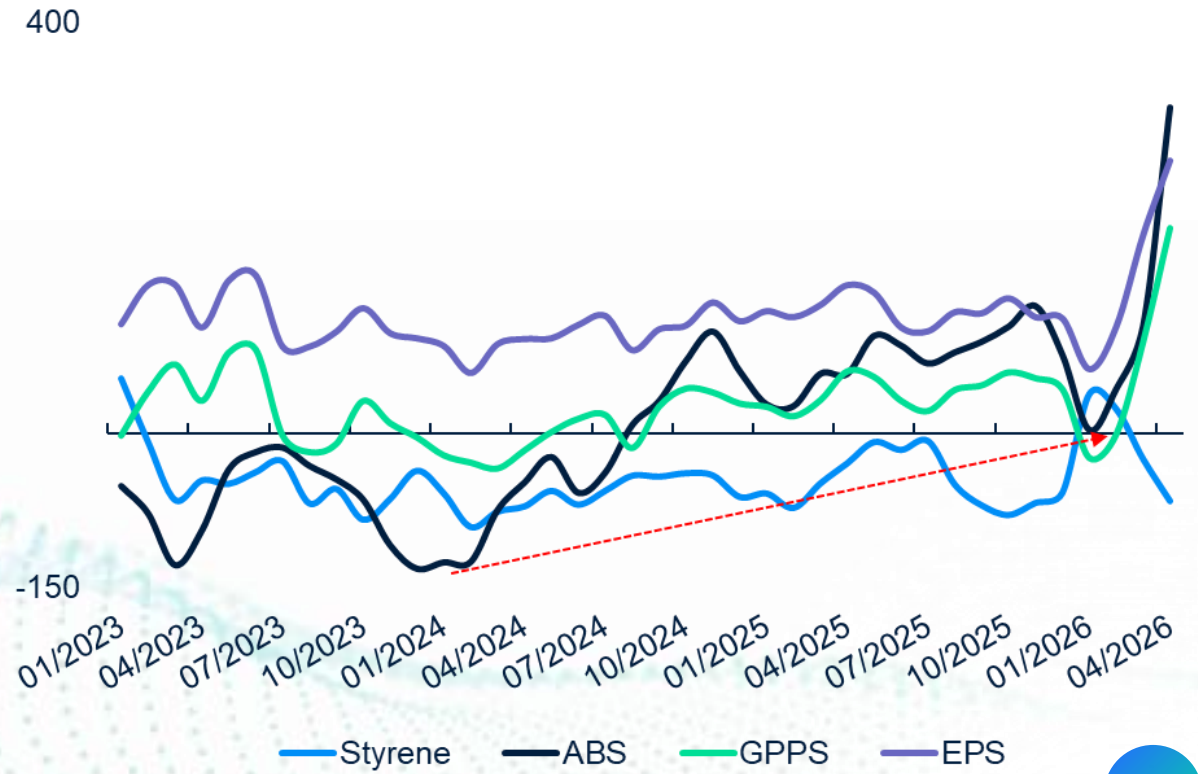
Margins in benzene value chain shift downstream

- Margins in the benzene industry chain are shifting downstream, with styrene derivatives producers seeing recovering profitability

Asia benzene spread & styrene variable margins
(\$/tonne, Jan 2023 – Apr 2026)



Asia styrene & derivatives variable margins
(\$/tonne, Jan 2023 – Apr 2026)



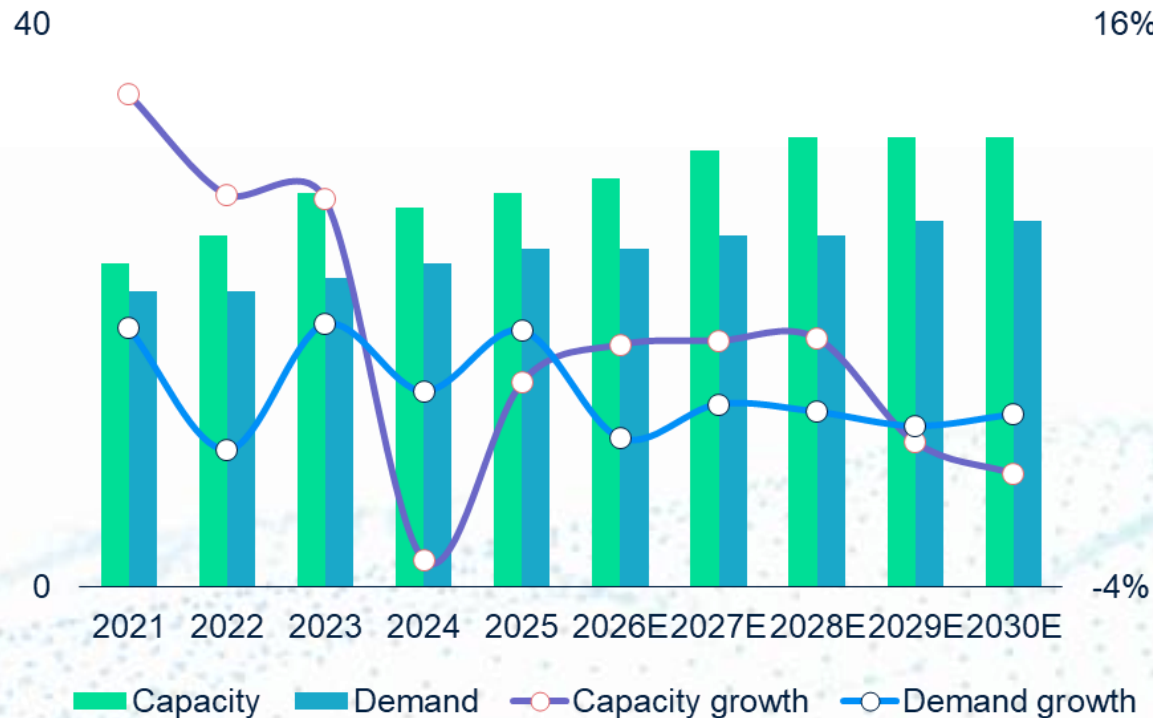
Source: ICIS



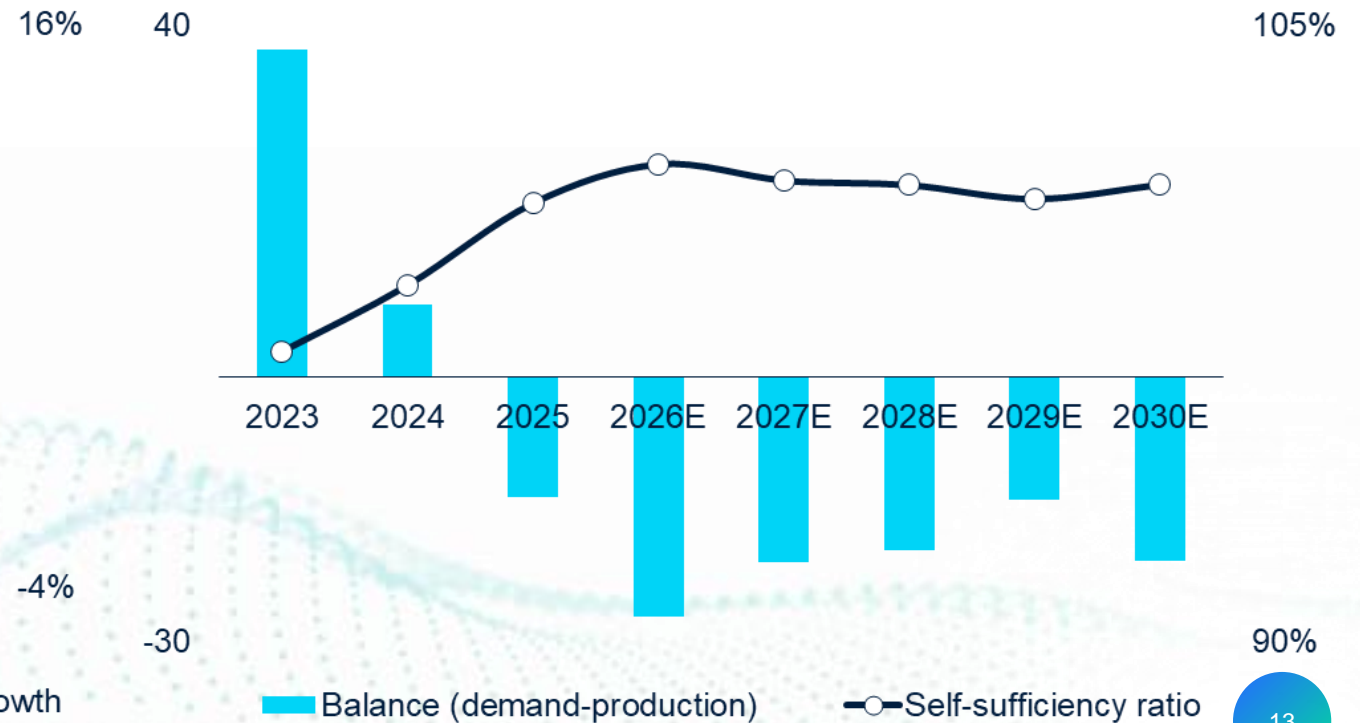
Weak fundamentals in Asia styrene market likely to persist

- China's styrene capacity expansion is nearing its end, yet pressure from oversupply remains
- With downstream demand growth slowing, exports and capacity rationalization have become key market focuses

Asia styrene supply-demand balance forecast
(million tonnes, 2021-2030E)



China styrene supply-demand balance forecast
('000 tonnes, 2023-2030E)



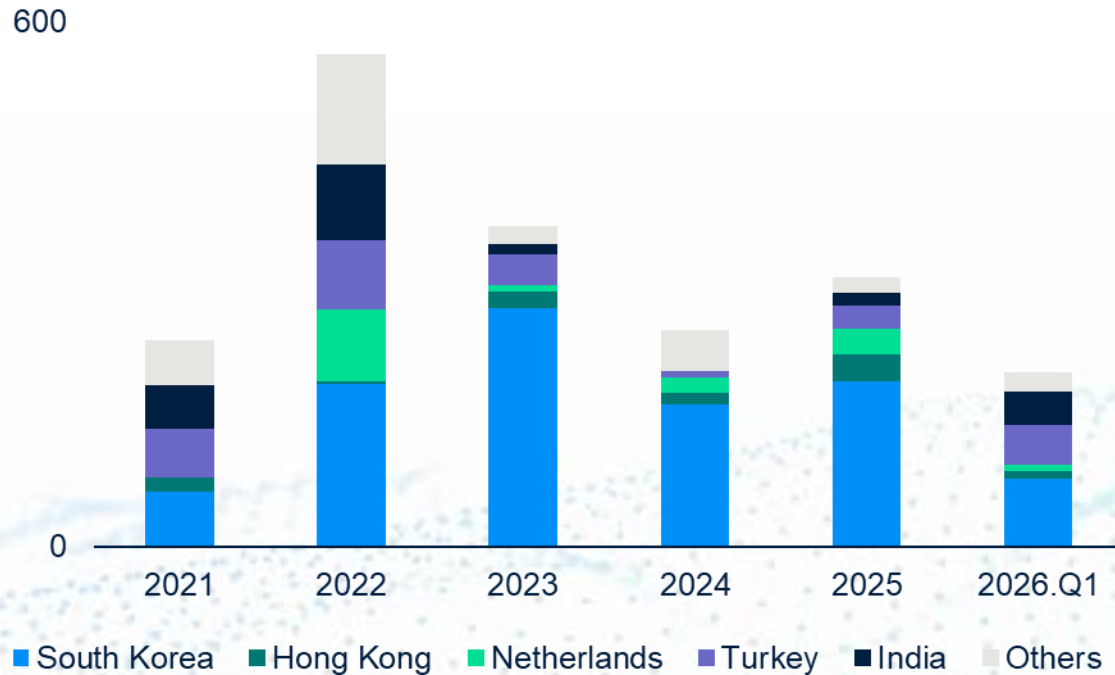
Source: ICIS Supply and Demand Database

Exports emerge as key growth driver for China's styrene industry

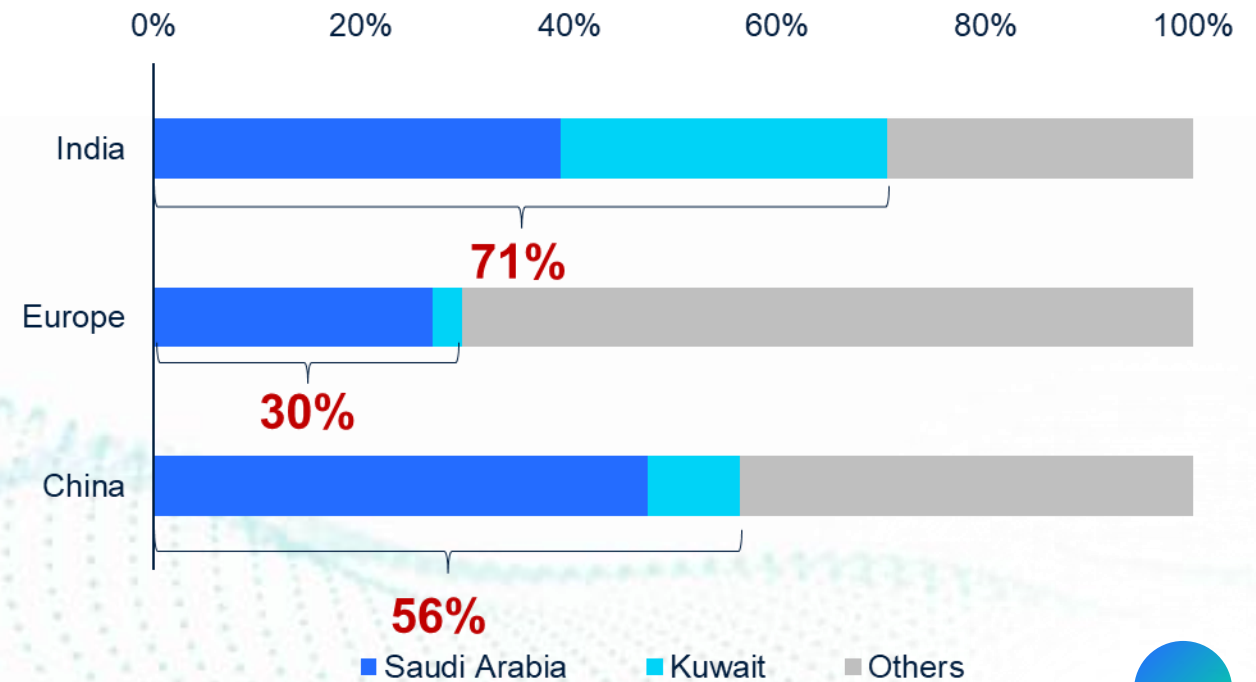


- South Korea, Europe and India remain the primary destinations of China's styrene exports
- Disruptions in the Strait of Hormuz are driving styrene buyers in India and Europe to seek alternative supplies from China and North America

China styrene exports by destination ('000 tonnes, 2021-2026.Q1)



Styrene imports of India/Europe/China in 2025 by origin

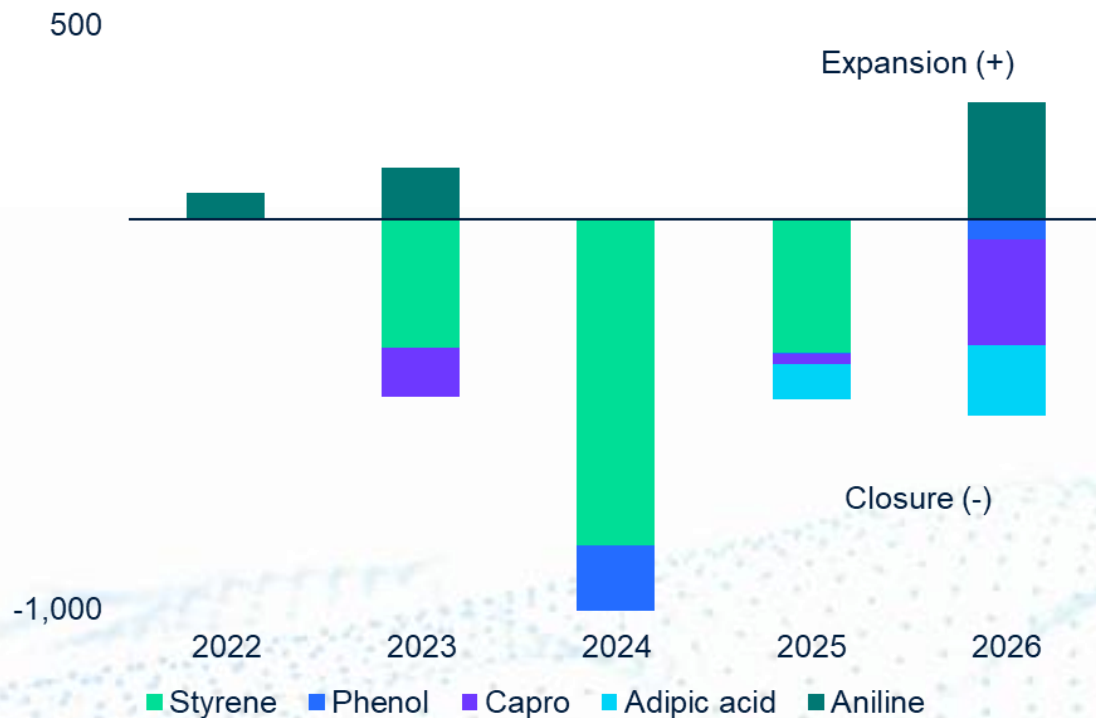


Source: ICIS Supply and Demand Database

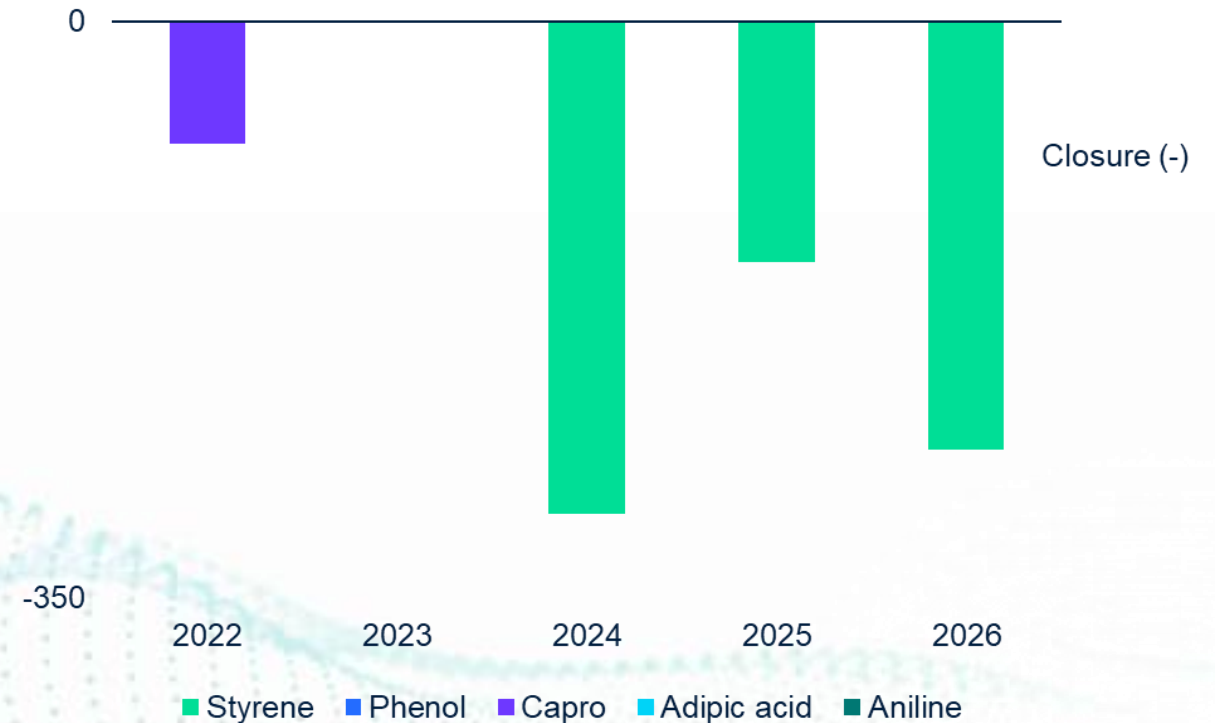
Downstream capacity rationalization in Europe and the US due to economic disadvantages



Europe benzene downstream capacity changes ('000 tonnes, 2022-2026)



North America benzene downstream capacity changes ('000 tonnes, 2022-2026)



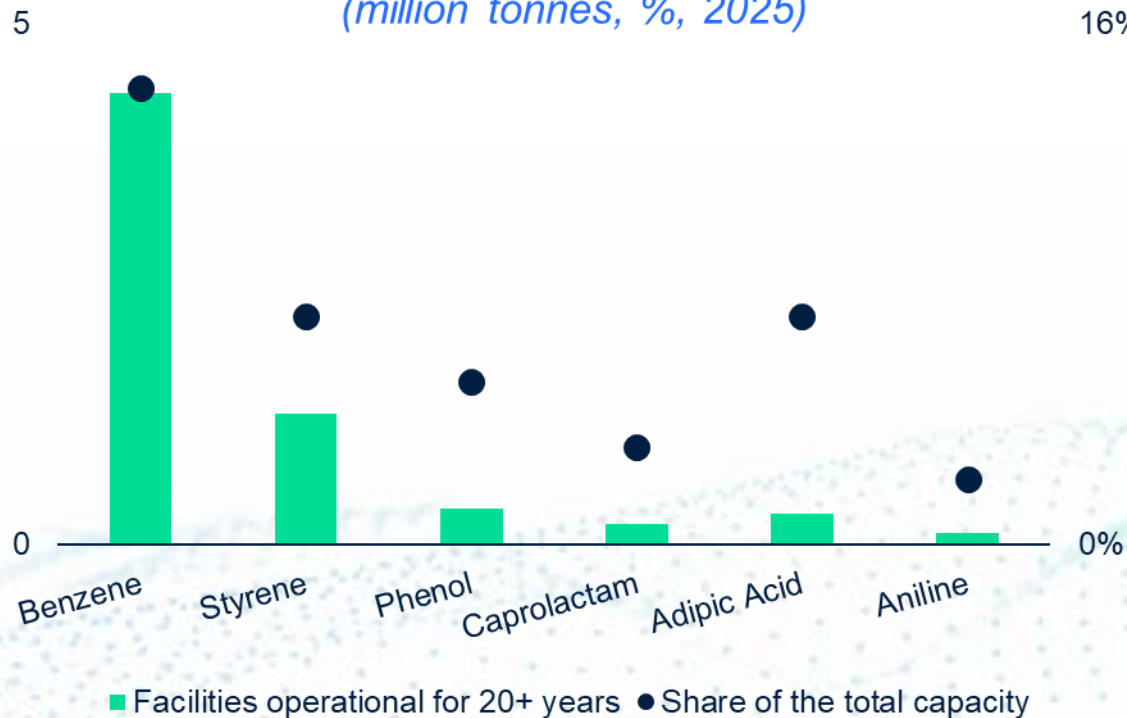
Source: ICIS Supply and Demand Database



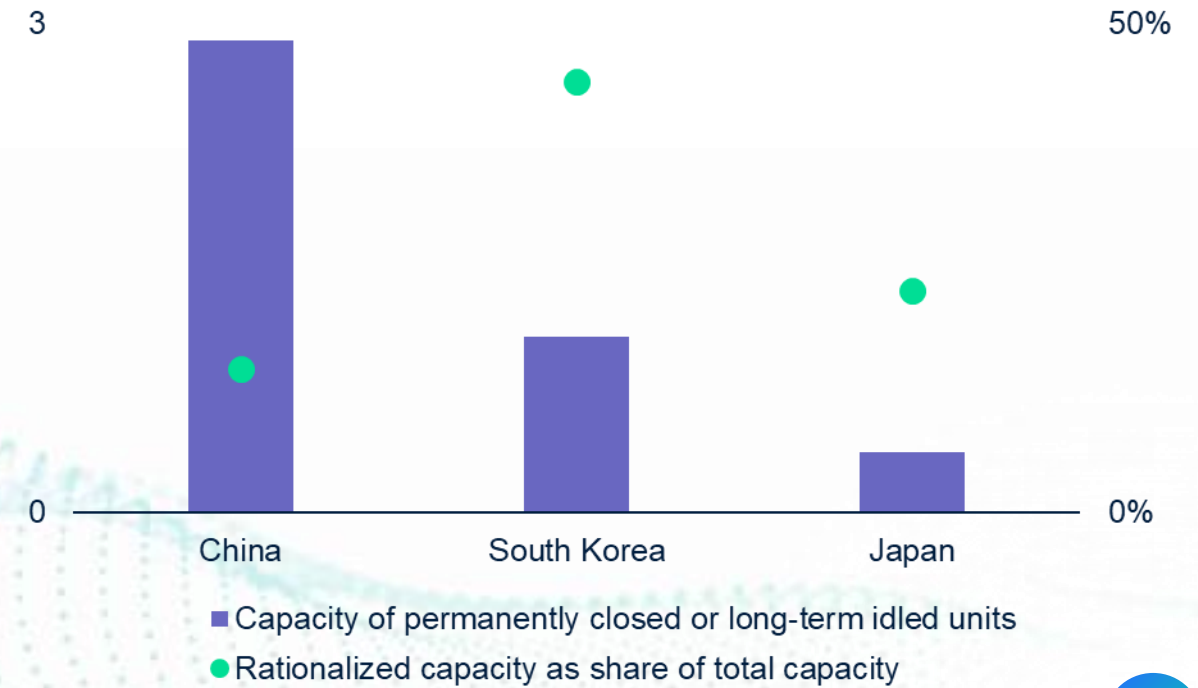
Rationalization of Asia's benzene derivatives underway

- China's anti-involution policy impacts benzene more than its derivatives. Moreover, styrene rationalization progress is faster than that of other derivatives
- Since 2023, South Korea has become a net importer of styrene amid rationalization

Capacities of benzene and derivative facilities of more than 20 years in China
(million tonnes, %, 2025)



Asia styrene capacity rationalization
(million tonnes)



Source: ICIS Supply and Demand Database

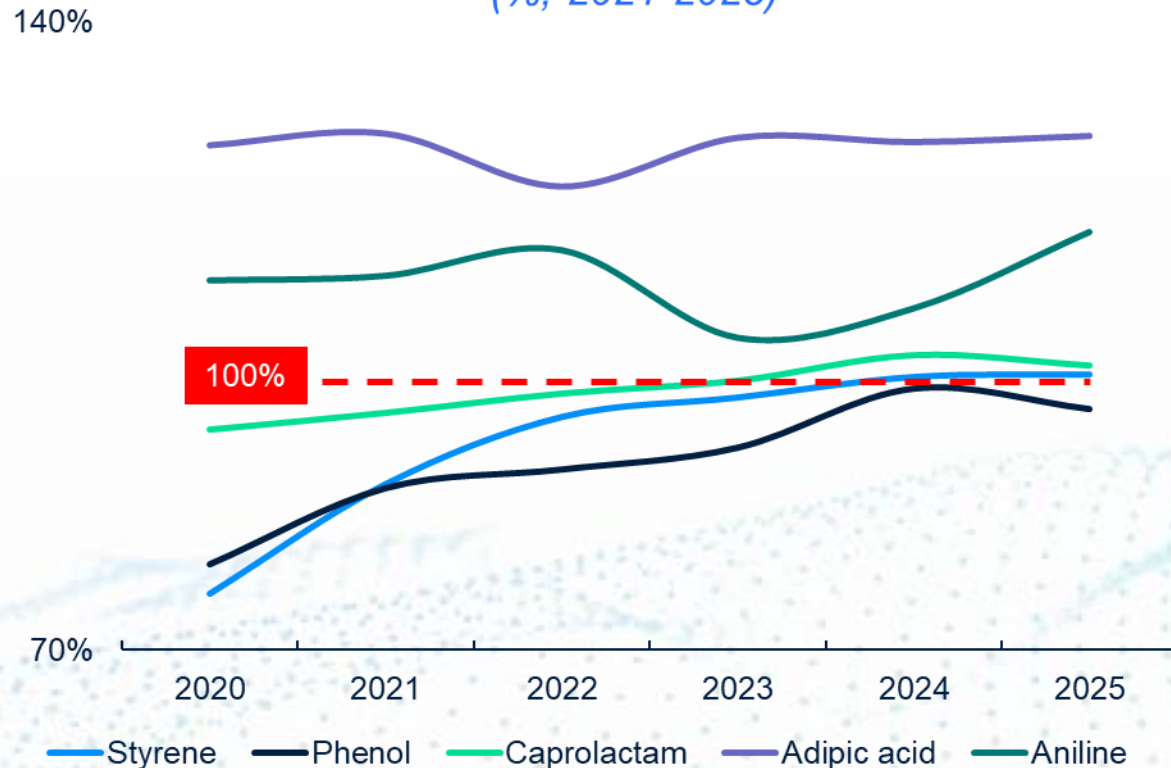
Note: Long-term idled capacity refers to capacity of units which have been offline since 2020

China's benzene derivatives sector shows resilience despite ongoing market challenges

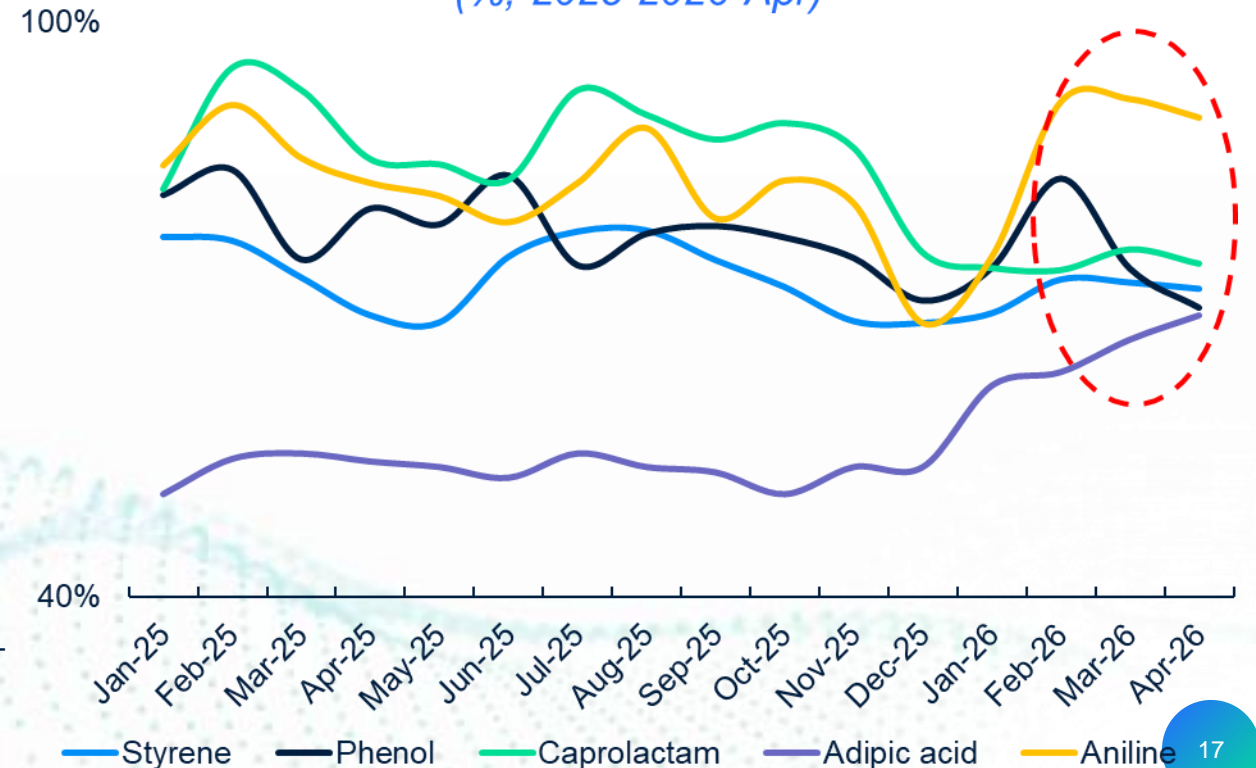


- China largely achieves self-sufficiency in benzene derivatives, and most downstream sectors become net exporters
- Despite cost pressures squeezing margins, China's benzene derivatives operations stayed stable

China major benzene derivatives' self-sufficiency ratio (% , 2021-2025)



China major benzene derivatives' operating rate (% , 2025-2026 Apr)



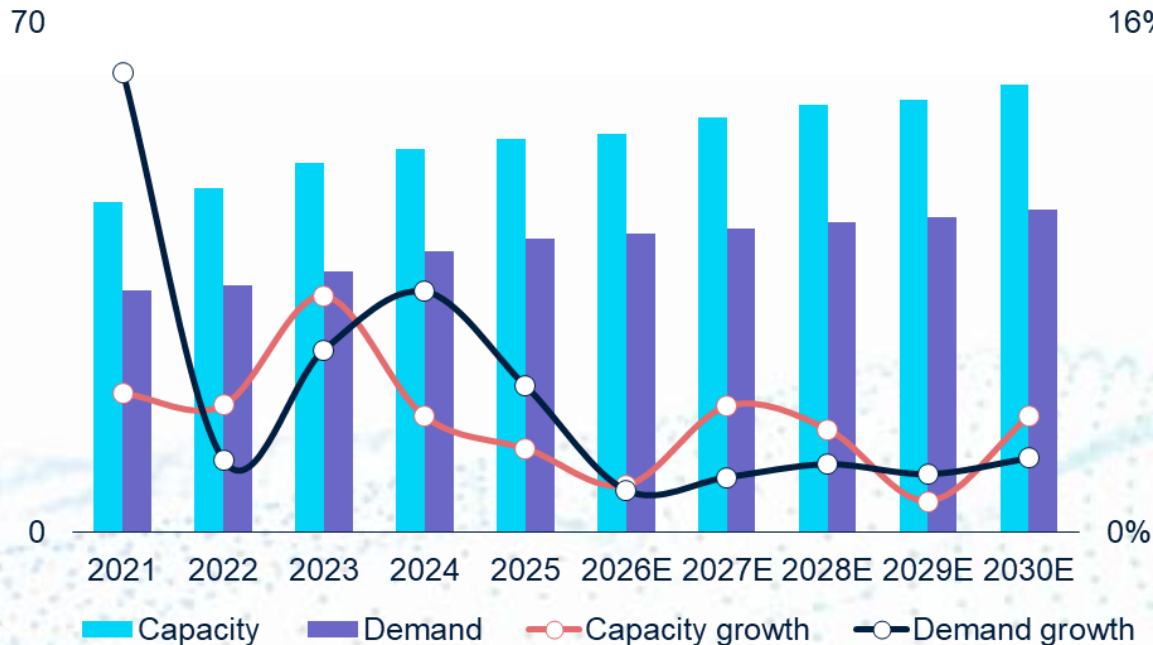
Source: ICIS Supply and Demand Database



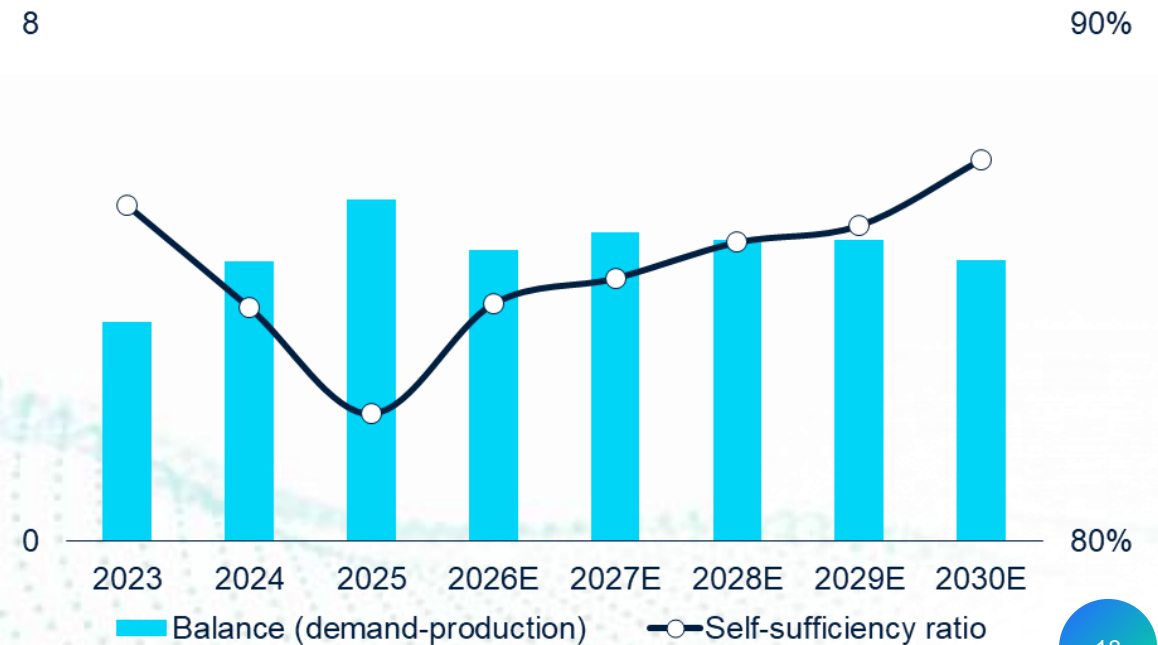
Asia's benzene supply-demand balance to remain loose

- Benzene demand growth in Asia peaked in 2021 and has slowed afterward, with the supply-demand balance remaining loose
- China faces a structural benzene shortage and will rely on imports for the next five years, though the supply gap should gradually narrow

Asia benzene supply-demand balance forecast
(million tonnes, 2021-2030E)



China benzene supply-demand balance forecast
(million tonnes, 2023-2030E)



Source: ICIS Supply and Demand Database



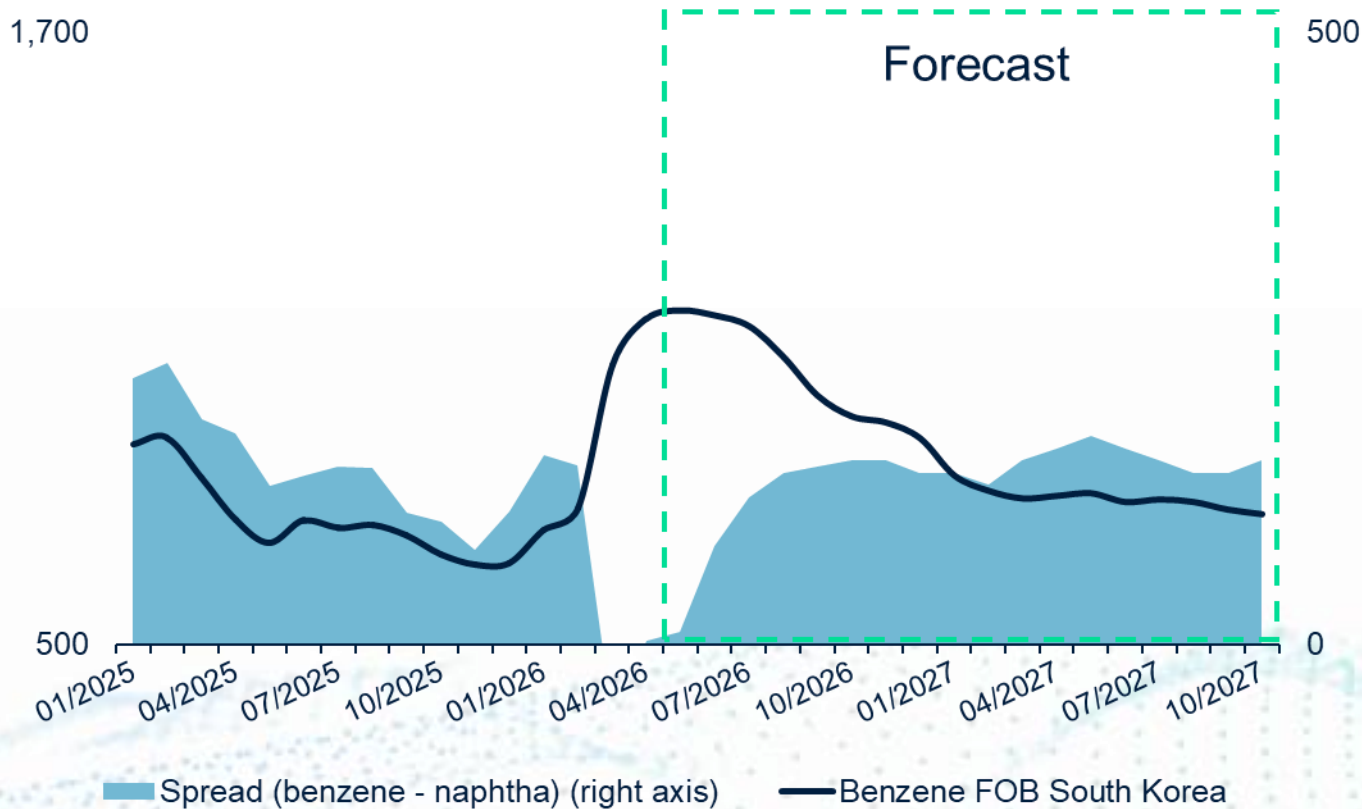
03

2026 Asia benzene price forecast



Asia benzene prices expected to move up in 2026

Asia benzene price forecast
(\$/tonne, Jan 2025 – Oct 2027)



Note: ICIS price forecast is updated on a monthly basis; the forecast is updated in May

Source: ICIS [Price Forecast](#)

Key drivers

Cost

- Mideast tensions have sharply lifted **risk premiums** on crude oil and naphtha, pushing up aromatics production costs

Supply side

- Short-term impact: feedstock supply constraints trigger **supply reduction**
- Mid/long-term impact: **reshape of trade flow**
Exports from Europe increase/US imports fall
Intra-Asia trade increases

Demand side

- Downstream capacity expansion **slows down**
- Downstream margin pressure **weighs on benzene demand**

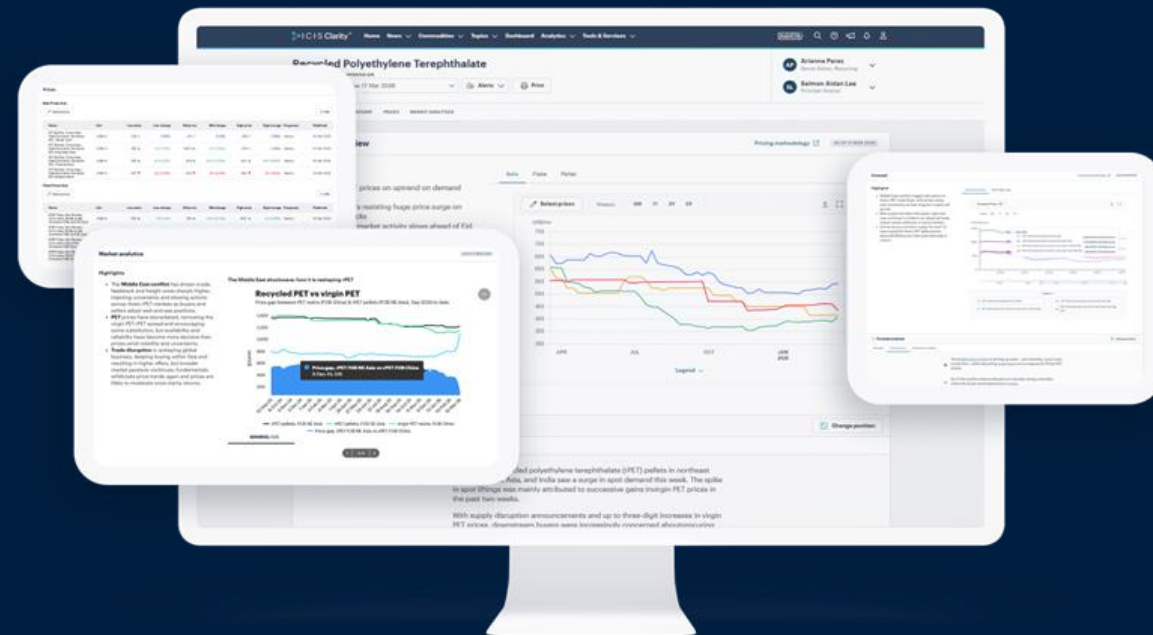
Conclusion



- China continues to drive global capacity growth; capacity rationalization may offset global benzene capacity expansion
- Middle East geopolitical disruptions have caused short-term supply cuts from feedstock constraints, easing Asian supply pressure and likely reshaping regional trade flows in the medium to long term
- China's benzene derivatives sector continues expanding capacity at a slower pace, demonstrating resilience and a growing export market despite market challenges
- Asia benzene price range expected to move up in 2026, market sentiment and risk premium likely to exacerbate price volatility



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