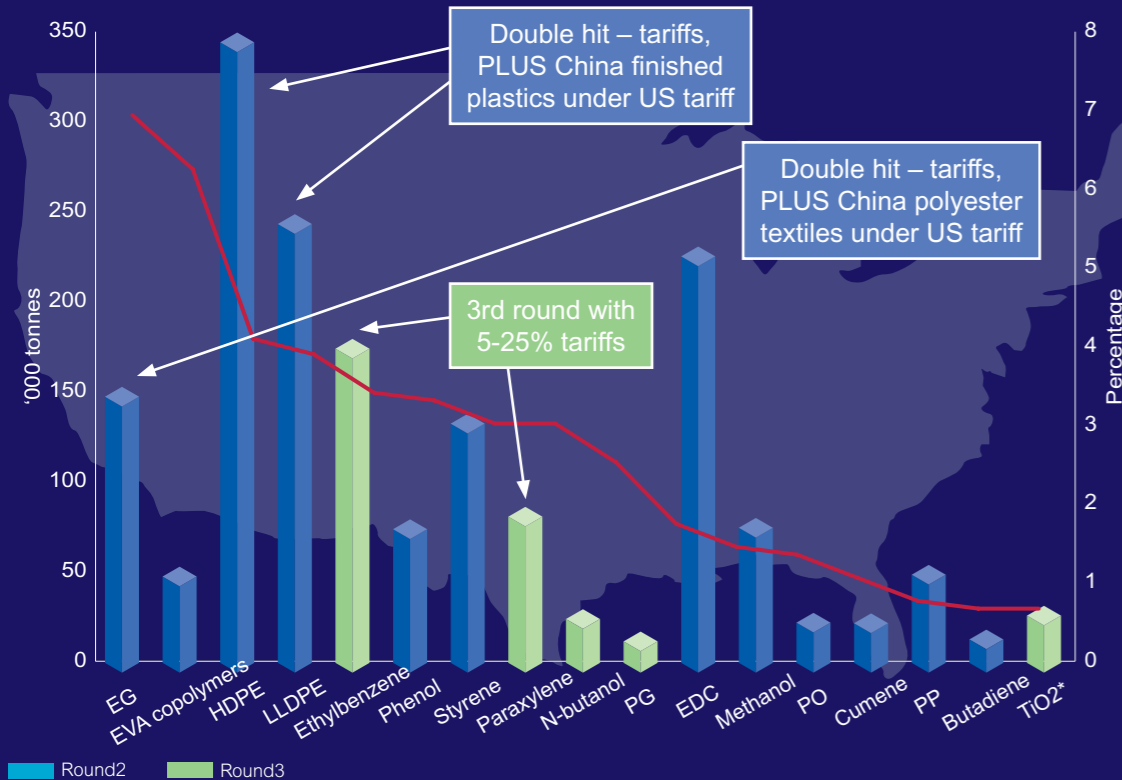


US-CHINA TRADE TENSIONS ESCALATE, CREATING UNCERTAINTY FOR GLOBAL PETROCHEMICALS TRADE FLOWS

The latest escalation in the US-China trade war resulted in the US raising tariffs on \$200bn in Chinese products from 10% to 25% as of 10 May. China retaliated by increasing tariffs on \$60bn in US products from rates of 5-10% to 5-25% as of 1 June. As a result of continued market uncertainty, spot prices across several Asian commodities have flatlined in recent weeks while players wait for a conclusion to the trade talks. This ICIS infographic examines how key petrochemicals trade flows could change following the increased tariffs.

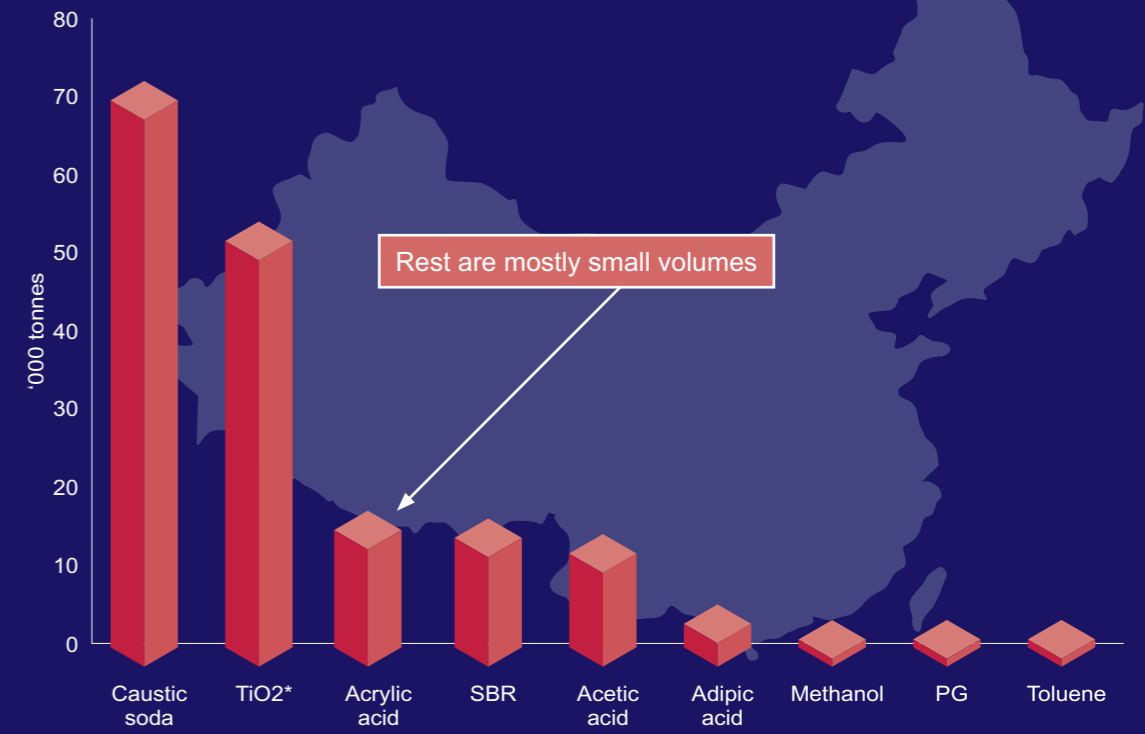
US-CHINA TRADE TENSIONS ESCALATE IN MAY 2019

US chemical exports hit by China tariffs: Rounds 2 and 3 (2018 figures)



Source: ICIS Supply and Demand Database, USITC
 Note: *HTS codes 3206.11 and 3206.19 – pigments and preparations based on TiO2 shows only chemicals with volumes of at least 10k tonnes

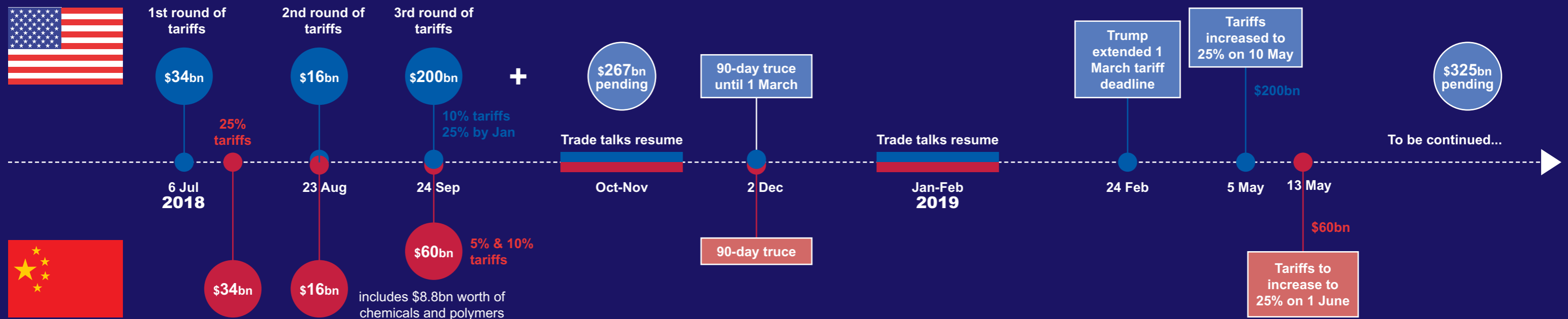
China chemical exports to the US impacted by US tariffs: Round 3



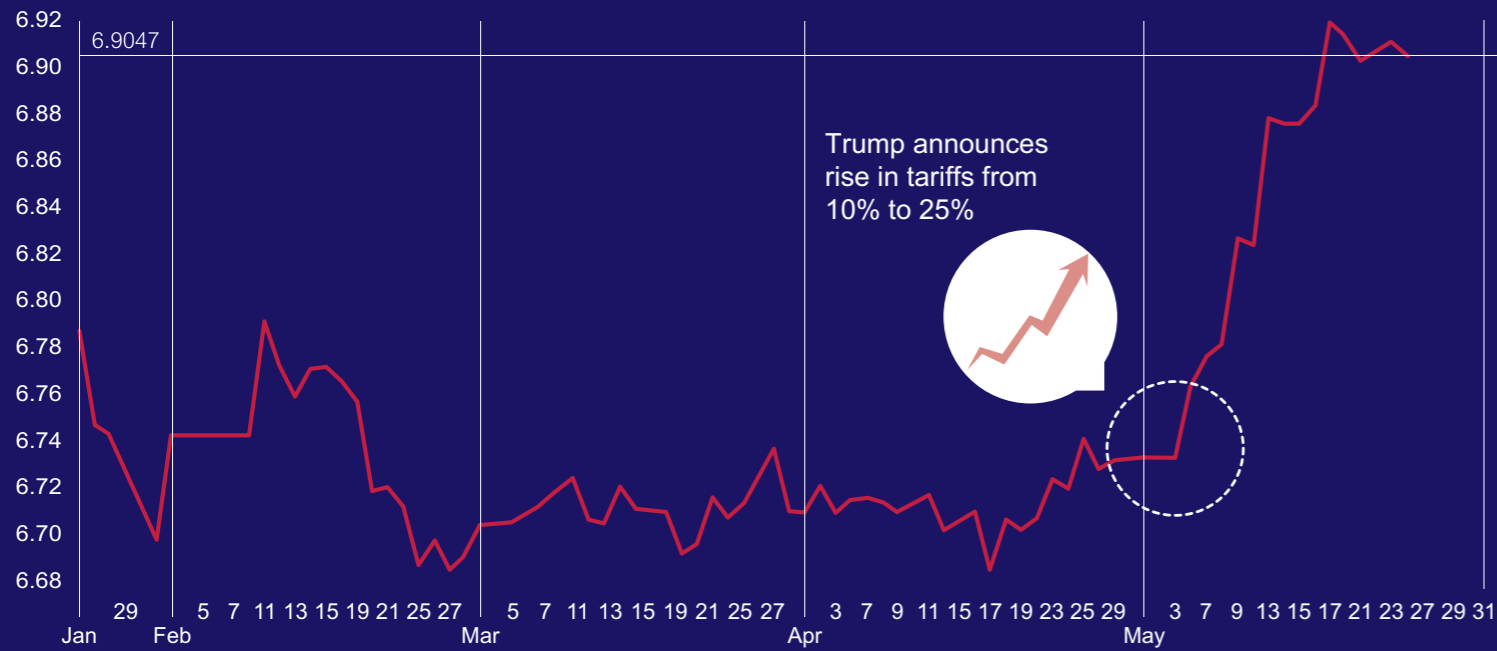
Contributing editor: Joseph Chang
 Source: ICIS Supply and Demand Database, USITC
 Note: *HTS codes 3206.11 and 3206.19 – pigments and preparations based on TiO2

A LOOK BACK ON ESCALATING US-CHINA TRADE TENSIONS

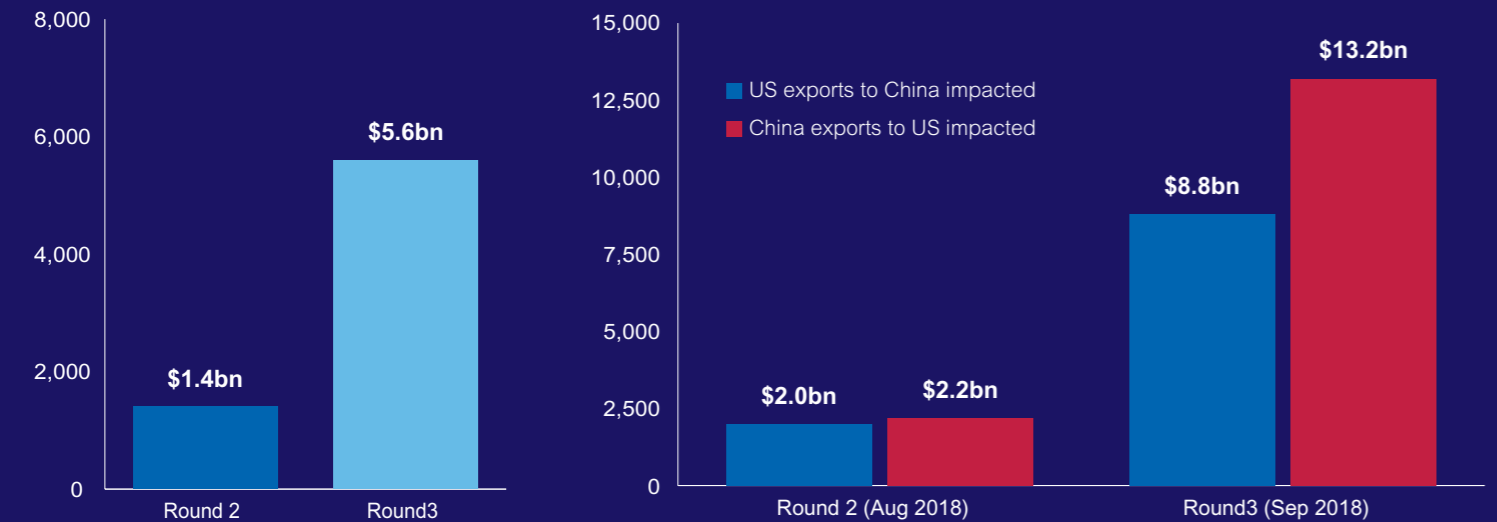
Contributing editor: Felita Widjaja



USD VS CNY EXCHANGE RATE



FINISHED PLASTIC PRODUCTS COME UNDER PRESSURE



- An estimated 2.6m tonnes of annual Chinese plastic products demand might be lost as a result of these tariffs
- 67% of demand is for products made from polyolefins
- The US imported \$39bn of finished plastics products from global sources in 2017
- China's exports to the US worth \$7bn made up around 30% of total US imports in terms of volume, but a mere 18% of total imports in terms of value

Source: American Chemistry Council, US International Trade Commission

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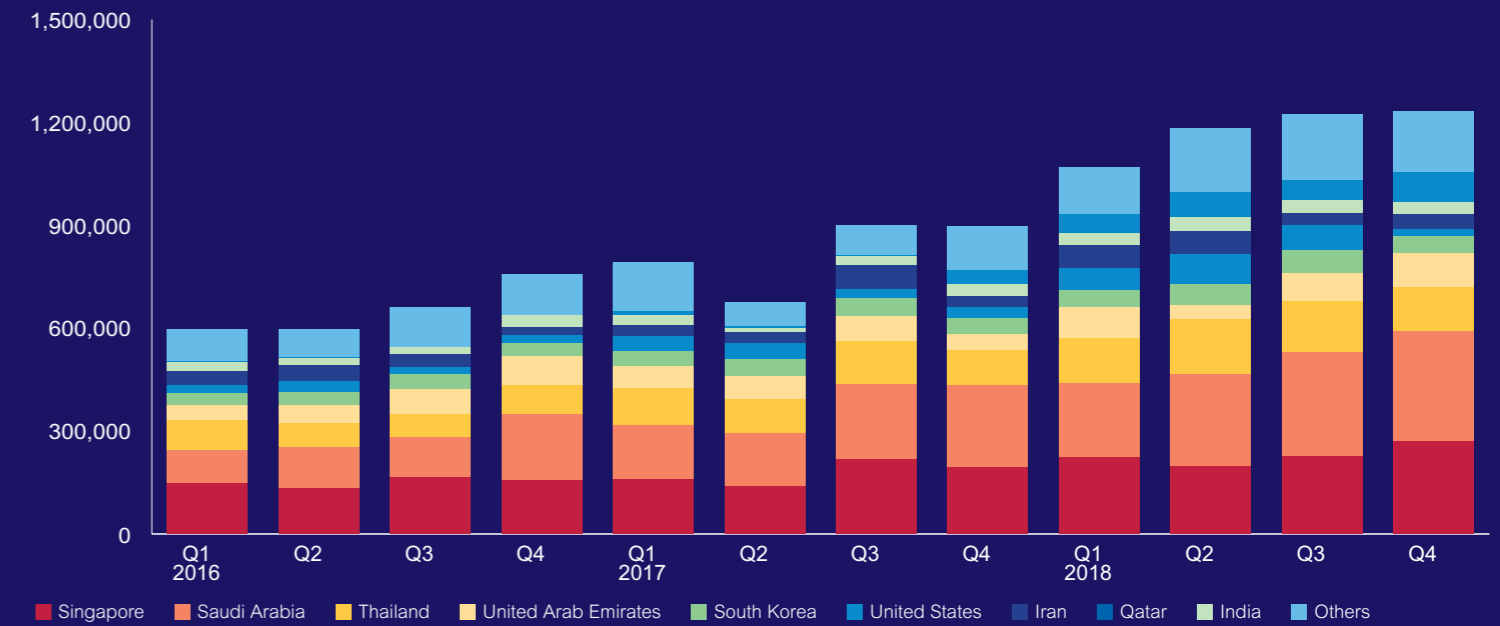
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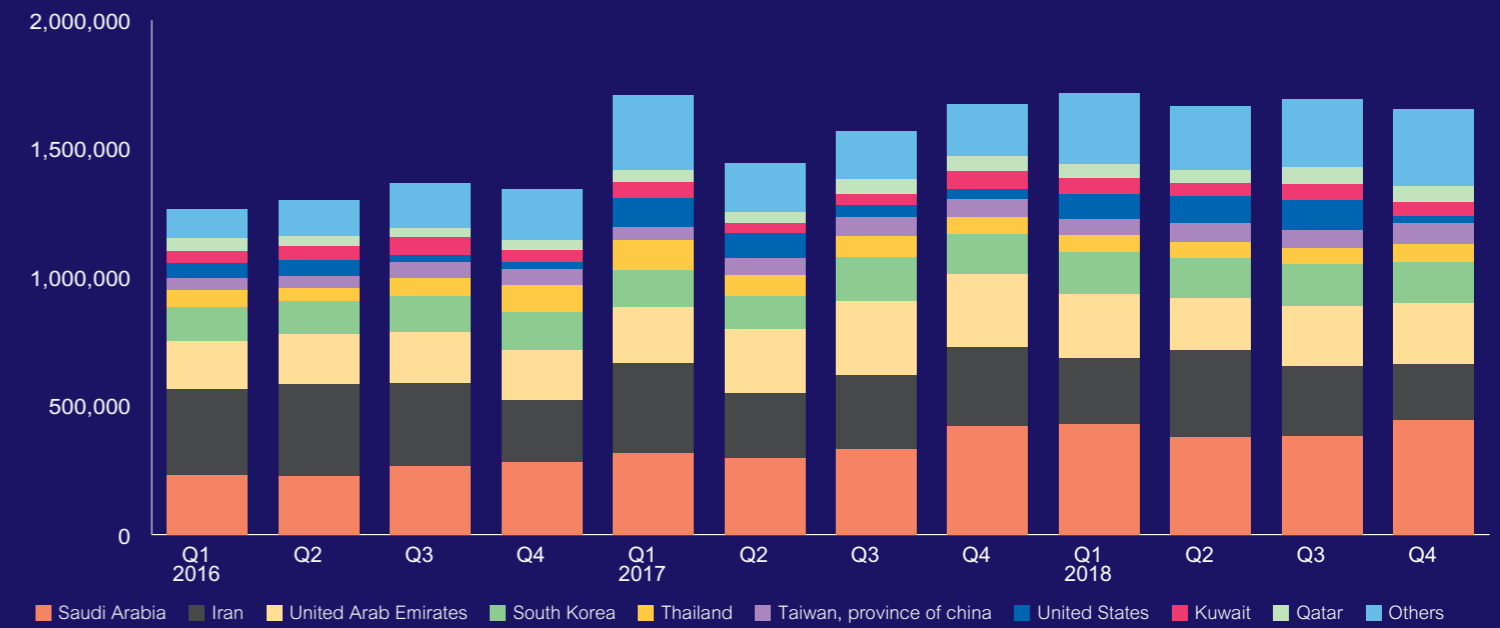
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PE IMPORTS TO CHINA

LLDPE imports to China 2016-2018 (tonnes)



HDPE imports to China 2016-2018 (tonnes)



- US PE imports to China fell in late 2018 due to the ongoing US-China trade war, while other regions filled the gap
- US tariffs on China's exports weakened market sentiment and exerted downward pressure on China's PE import prices
- China's retaliatory tariffs of 25% on US-origin products included LLDPE and HDPE; Tariffs on LDPE imports remain at 6.5%

Source: ICIS Supply and Demand database

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