

New Energy Sectors Supporting Strong Growth in Soda Ash Demand



is supporting as one of the Media Partners for the World Soda Ash Conference (WSA), Oct 9-11 in MALTA

SODA ASH

Soda ash plays a key role in numerous industrial sectors with glass accounting for roughly 60% of world consumption. Flat glass is the largest glass segment and container glass, the second largest. Solar glass, used in solar panels, is the single fastest growing demand sector.

In 2023, World soda ash demand grew by 2.7%, 1.8 million mt, this increase was driven by mainland China. In 2023, growth in China was the highest on record, 10%, or a net increase of 2.9 million mt. World demand, excluding mainland China fell by 3.2%.

SUPPLY / TECHNOLOGY CHANGES

Soda ash capacity was fairly static between 2018 and 2022, as many planned expansions were delayed due to COVID-19. In fact, during this time period there was a net loss in

capacity in China. However, the most significant expansions in the near term have been in China, including 5.0 million mt of new low cost (natural) production which started ramping up in mid-2023. The biggest recent expansions in the US were both by Genesis where a total of about 1.2 million mt of capacity was operational since the end of 2023. By 2029, 20.0 million mt of new capacity is scheduled to be added globally, relative to 2023, with 56% of the additions in mainland China and 32% in the US.

As capacity is added the technology base is also changing. Natural soda ash is accounting for a growing share of the new capacity such that it's share of the world total is forecast to reach 22% by 2028.

Natural soda ash production is typically much lower cost than synthetic. As such, the changing technology profile is also changing the global cost curve. Competition is though on a delivered

basis and the geographical location of where capacity is being added will also impact on competitiveness.

DEMAND GROWTH

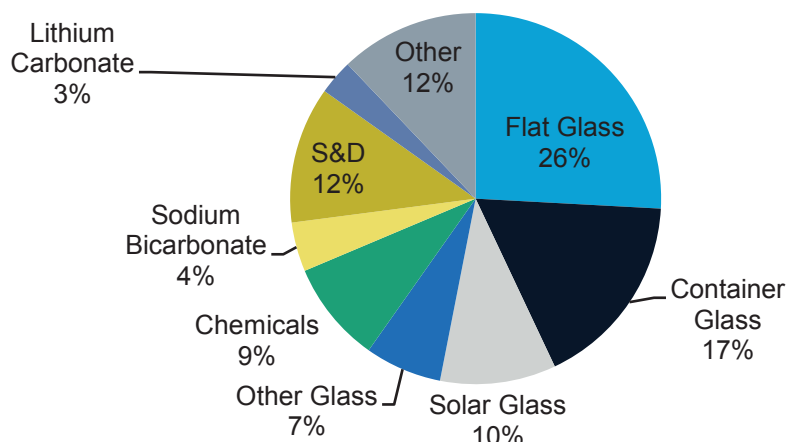
Soda ash is a basic chemical serving end use sectors important in our everyday lives. As a consequence, demand growth has traditionally been driven by developing economies. But demand is no longer just being driven by economic growth, it's also getting a huge boost from environmental sectors. However, the absolute potential for soda ash into these end use applications can be difficult to forecast. The outlook for soda ash consumption for batteries, including lithium-ion batteries, is complex and difficult to accurately predict. The same is true for solar glass as various international energy bodies are continually revising their projections upwards for solar power.

TRADE

In the soda ash industry trade plays a pivotal role, as centres of production are not always located in close proximity to regions of high demand and about a quarter of soda ash is shipped between key regions. The US, Turkey and China are important countries in the global soda ash industry due to their influence on the seaborne market.

The US is the biggest soda ash exporter in the world, Turkey is in 2nd place. Although mainland China's share of global trade is relatively low,

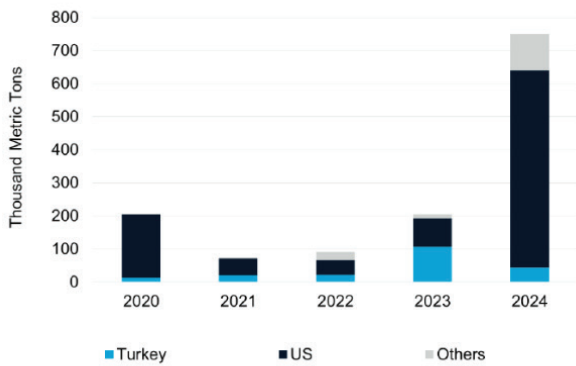
World Soda Ash Demand 2024



Source: Chemical Market Analytics by OPIS

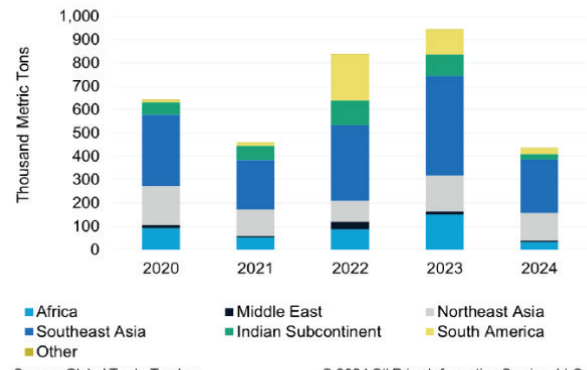
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Mainland China Soda Ash Imports (YTD June)



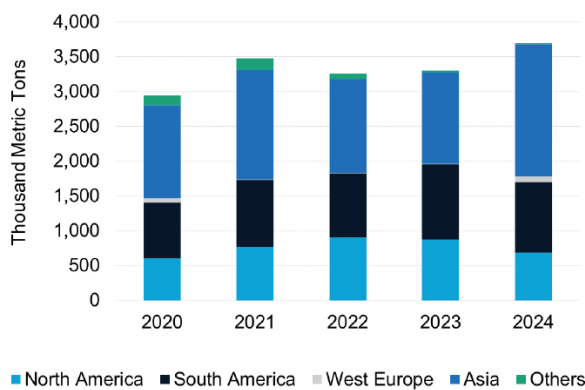
Source: Global Trade Tracker © 2024 Oil Price Information Service, LLC.

Mainland China Soda Ash Exports (YTD June)



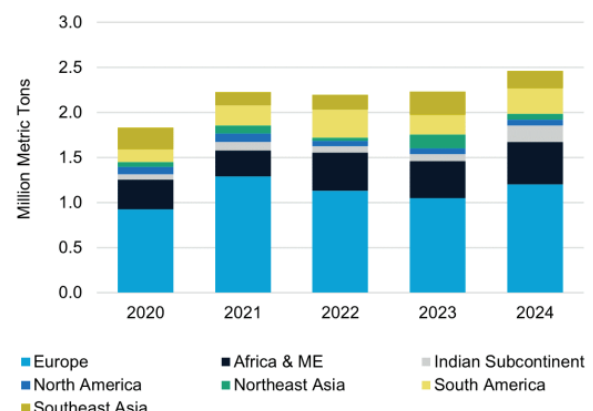
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US Soda Ash Exports (YTD June)



Source: Global Trade Tracker © 2024 Oil Price Information Service, LLC.

Turkey Soda Ash Exports (YTD June)



Source: Global Trade Tracker © 2024 Oil Price Information Service, LLC.

it has a big impact on the health of the global soda ash market because of its volatile exports, an example of which we're seeing to date this year. As mentioned, China added significant capacity in 2023 and into 2024 – this created expectations of surplus availability, yet imports to China in H1 2024 were the highest on record. Meanwhile, in H1 this year US exports were up by 12%, year-on-year; the biggest volume increase was to mainland China.

ROLE OF CHINA

The extremely strong demand growth in China in 2023 took demand to around 31.4 million mt – it was driven primarily by solar glass. There is to be a net increase in soda ash capacity in China of 5.5 million mt in 2024, which was seen to be in excess of the short-

term potential for new demand. However, demand growth to date this year is once again exceeding expectations with demand in the first 6 months of 2023 up by 27%, year-on-year. If the current level of growth is maintained, the gap between supply and demand in China will no longer be excessive.

Solar glass production in China grew from 16 million mt in 2022 to 25 million mt in 2023. The country has continued to expand its solar glass and by July 2024, the total capacity was about 46 million mt. However, the Chinese authorities are concerned about over-capacity in solar glass and are in talks about introducing restrictive policies. In addition, the PV module sector in China is reported to be operating at a loss, causing some small-scale assemblers to

idle or even terminate production. Meanwhile, a large number of PV module assemblers in Southeast Asia, mainly owned by Chinese investors, are important suppliers to the US PV market. A number of these assemblers are reported to have stopped production recently due to the lifting of an import tax holiday by the US government. Southeast Asian countries are in turn major export destinations for mainland China solar glass.

REST OF WORLD

While soda ash demand growth in China is at record high levels, soda ash demand developments outside China are more varied. The summaries below of demand in Other Asia and the America's describe some of these trends.

Asia Soda Ash Import Trends YTD

Thousand Metric Tons

		YTD	YTD	Change y/y	
		2023	2024	Volume	%
Indonesia	Jan - Jun	401	394	-7	-1.7
Philippines	Jan - Jun	87	113	26	29.5
Taiwan, China	Jan - Jun	117	106	-11	-9.7
South Korea	Jan - Jun	245	223	-22	-9.1
Malaysia	Jan - May	211	295	84	39.8
Vietnam	Jan - Jun	281	314	33	12
Australia	Jan - Jun	131	120	-11	-8.2
Singapore	Jan - Jun	14	14	0	0.5
Thailand	Jan - Jun	333	359	26	7.9
Japan	Jan - Jun	121	95	-26	-21.5
Total		1,941	2,032	92	4.7%

Source: Global Trade Tracker

OTHER ASIA

With little local capacity, import statistics provide a useful indicator for soda ash demand trends in Other Asia (excludes China and India Subcontinent). Imports to this region in the first 5-6 months of 2024 reached 2.0 million mt, up by 4.7%, year-on-year. Solar glass is a key driver for soda ash demand in Other Asia, with flat glass also having the potential to contribute positively.

A number of solar and flat glass projects are scheduled for this region, as described in the table, which have the potential to add over 1.0 million mt of new soda ash demand.

However, there are some challenges in the solar glass industry. Recent U.S. tariffs, including antidumping and anti-subsidy duties, may significantly impact PV module production in countries like Vietnam and Malaysia. The tariffs, which target

Chinese-made components, require manufacturers in these countries to source key subcomponents from non-China suppliers to avoid hefty duties. This increases production costs and complicates supply chains which will reduce the competitiveness of Southeast Asian PV modules in the U.S. market. As a result of these tariffs, several Chinese-owned PV module assemblers in Southeast Asia are said to have stopped production in June with further production likely to be suspended in the coming months.

THE AMERICAS

The Americas region (excluding the US) has a huge reliance on imports. As such, the overall change in imports provides a good indicator of underlying demand. The latest available trade data reflects a negative trend with imports for the first 5-7 months of the year, down by

12%, or 285,000 mt.

The biggest decline to date was in North America, down 21%, or 161,000 mt, led by Mexico. Container glass, the single biggest soda ash demand sector in Mexico, is weak, on the back of muted demand for alcoholic beverages. Overall soda ash demand in Mexico is not expected to improve until 2025.

The decline to South America has also been steep; down by 8%, year-on-year. The main weakness has been in Argentina where imports were down by 63%, year-on-year. Imports to Argentina should though see some improvement as the year progresses as there are a number of new lithium projects scheduled to some on stream. In fact, lithium carbonate is by far the biggest demand driver for soda ash in South America. And while there is some negative sentiment around the lithium sector of late, the

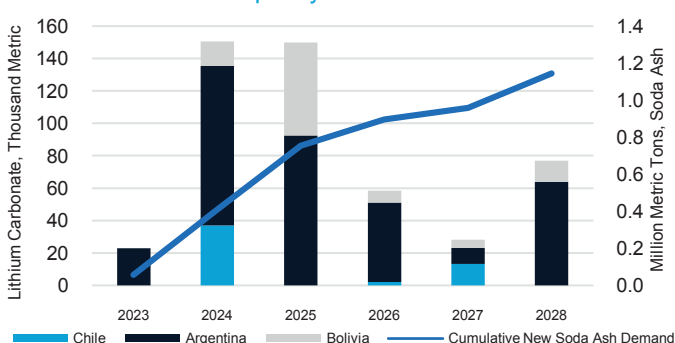
Americas Soda Ash Import Trends YTD

Thousand Metric Tons

		YTD	YTD	Change y/y	
		2023	2024	Volume	%
Peru	Jan - May	46	38	-8	-17.6
Canada	Jan - Jun	106	81	-25	-23.6
Chile	Jan - Jun	342	413	71	20.7
Colombia	Jan - May	109	102	-7	-6.4
Ecuador	Jan - May	12	18	6	50.0
Guatemala	Jan - May	33	18	-15	-45
Argentina	Jan - Jun	227	83	-143	-63
Bolivia	Jan - May	2	5	3	170
Brazil	Jan - Jul	774	747	-27	-3
Mexico	Jan - May	661	525	-136	-21
Venezuela	Jan - Jun	8	4	-4	-44
Total		2,320	2,035	-285	-12.3%

Company	Location	End Use	Capacity	Est. start-up date
KCC	Batang, Indonesia	Flat Glass	1 st line 1,200 mt/d	Q3 2024
Xinyi Glass	East Java, Indonesia	Flat Glass	2 x 1,200 mt/d	Both lines Q1 2025
Xinyi Glass	Malacca, Malaysia	Flat Glass	5 th line 1,000 mt/d	TBC
KCC	Batang, Indonesia	Flat Glass	2 nd line, similar size to the 1 st line	Late 2026
Kibing Glass	Kota Kinabalu, Sabah, Malaysia	Solar Glass	2 nd line 1,200 mt/d	May 2024
Xinyi Solar	Malacca, Malaysia	Solar Glass	2 x 1,200 mt/d	Line 1 Q3 2024 Line 2 Q4 2024
Flat Glass Group	Central Java Island, Indonesia	Solar Glass	2 x 1,600 mt/d	Most likely in 2026
Kibing Glass	Kota Kinabalu, Sabah, Malaysia	Solar Glass	3 rd line	TBC

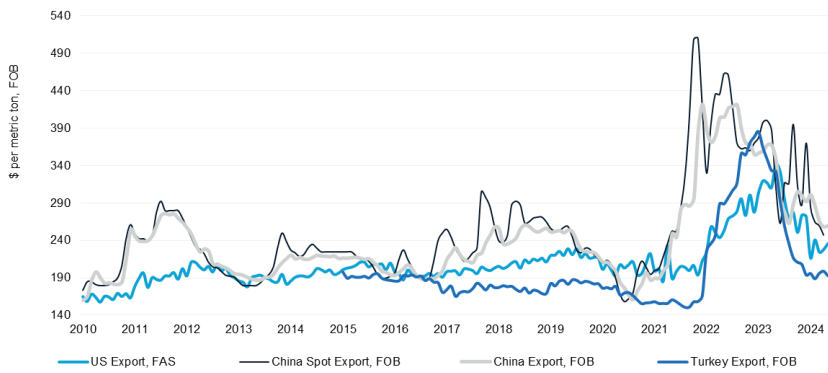
Lithium Carbonate Capacity Additions



Source: Chemical Market Analytics by OPIS

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Soda Ash Export Price Comparison



Source: Chemical Market Analytics by OPIS

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CONCLUSION

In conclusion, only a short time ago there was seen to be looming overcapacity in the soda ash industry. However, the potential surplus may not be as extreme as feared if the demand growth which is being observed in mainland China is maintained. However, this growth is coming from the clean energy sectors and the absolute demand potential in this category is difficult to accurately predict ■

medium/ long-term prospects seem positive.

PRICES

Export prices from the key suppliers reflect the changed global market dynamics. Prices from China are typically the most volatile. In 2023, export prices from China averaged \$318 per mt FOB, prices started 2024

at \$301 per mt FOB, falling to \$264 per mt FOB by June. Meanwhile, export prices from Turkey started 2023 at \$386 per mt FOB, reaching just \$194 per mt FOB in December 2023 and \$193 per mt FOB in June 2024. In H1 2024, the US export price averaged \$231 per mt FAS down from an annual average of \$297 per mt FAS in 2023.

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EXECUTIVE DIRECTOR

CHEMICAL MARKET ANALYTICS BY OPIS

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CHEMICAL MARKET ANALYTICS IS TO HOST THE 17TH ANNUAL WORLD SODA ASH CONFERENCE (WSA) THIS OCTOBER (9-11TH) IN MALTA
CONFERENCE THEME: THE SODA ASH MARKET PARADOX
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