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# Isocyanate market: A path to past prosperity of a new era?

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Terence Peh

Associate Director

[Terence.Peh@chemicalmarketanalytics.com](mailto:Terence.Peh@chemicalmarketanalytics.com)



**APIC**  
**2025**

Asia Petrochemical Industry Conference  
Bangkok, Thailand

MDI

TDI

Propylene Oxide

Polyether Polyols

## Market Advisory Service



- Near-term price, operating schedules, supply-demand, margin, trade and cost forecasts.
- Extensive expert commentary on latest market developments and future trends.

## World Analysis

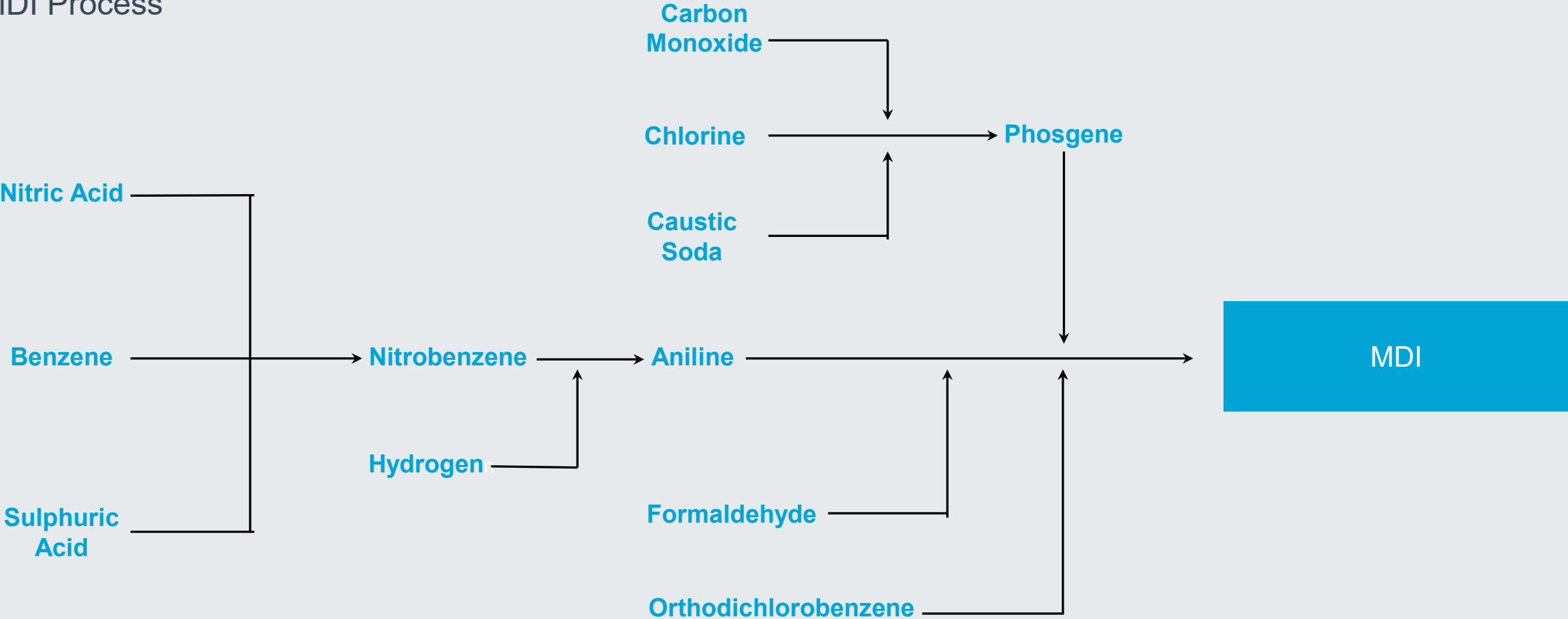


- Long-term 10-year forecast for supply, demand, price, cost and margin.
- Real-time capacity database and country-to-country trade grids.

# Methylene Diphenyl Diisocyanate (MDI)

# The MDI production process is complex

## MDI Process



The land scape is changing, though additional supply and new builds are predominantly in China

## MDI



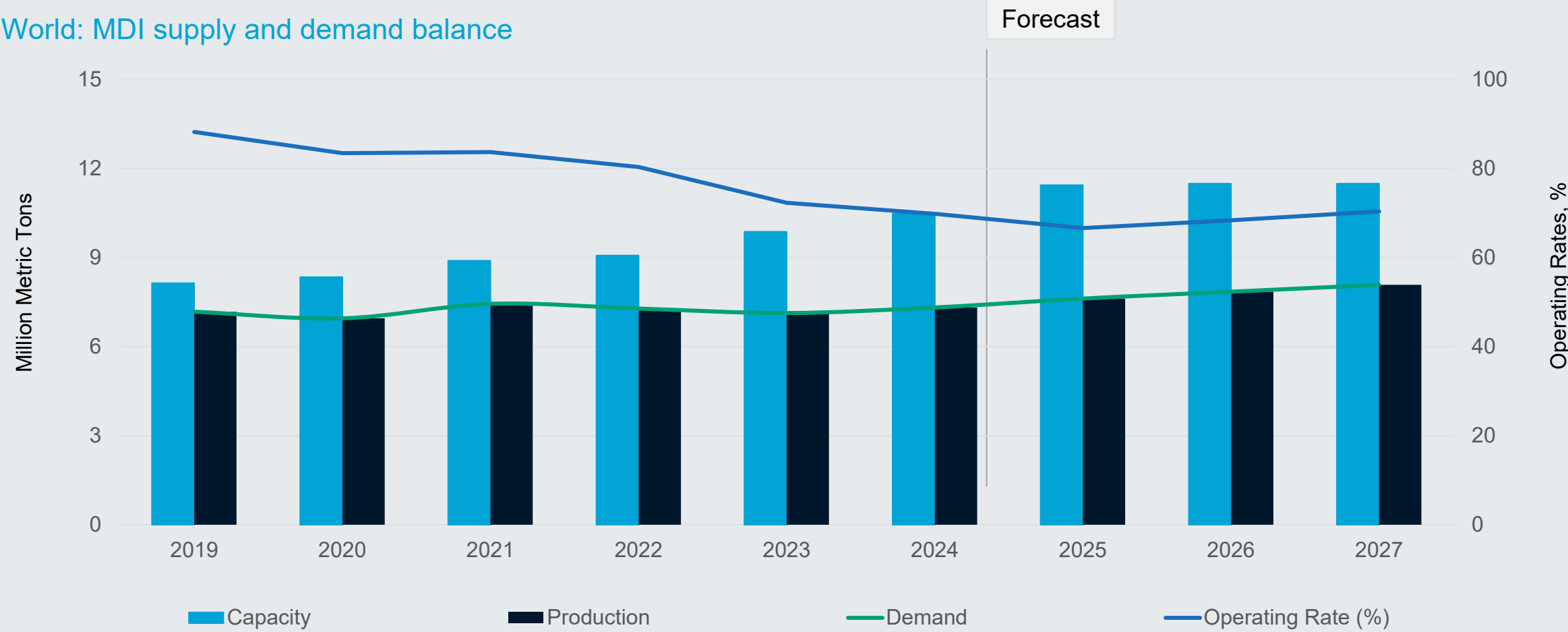
Weak demand has prevailed since Covid, though recovery is expected to be in 2026 for Europe and North America, Asia in 2027

Capacity investments in mainland China continue, although there may be possibility of investments outside of Asia (e.g. Adnoc)

Asian exports will meet long-term growth, but rationalization remains a threat in the West

# Operating rates recovering with demand outpacing capacity additions, although market remains in excess

World: MDI supply and demand balance



Source: Chemical Market Analytics by OPIS

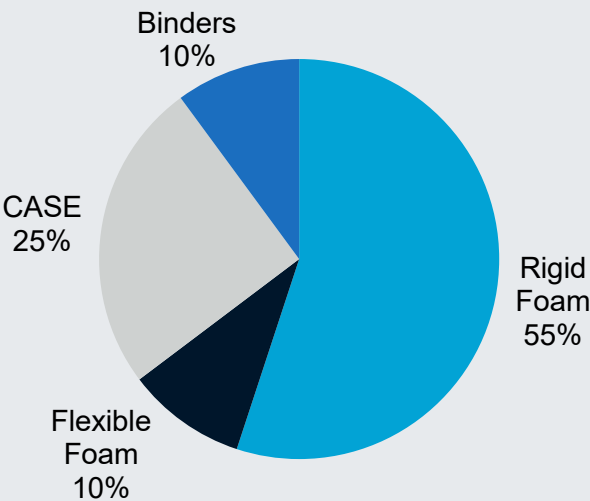
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# MDI | Key Projects, investments have slowed, and new builds delayed



# Expectations are for steady growth going forward, despite current economic downturn

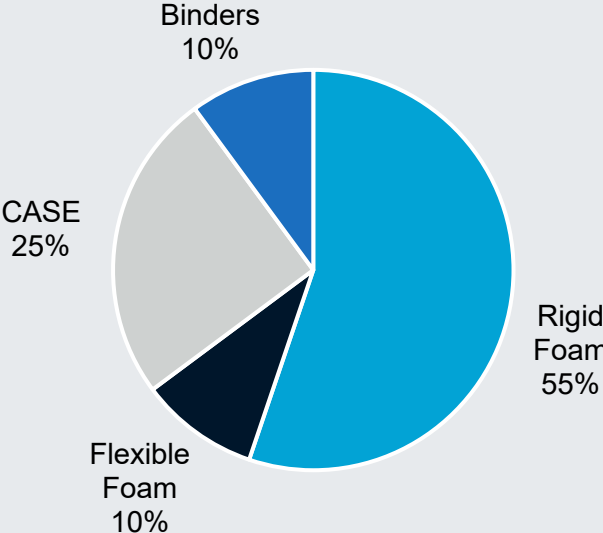
2024 - World MDI demand by end-use



**Total Demand = 7.3 Million Metric Tons**

Source: Chemical Market Analytics by OPIS © 2025 Oil Price Information Service, LLC.

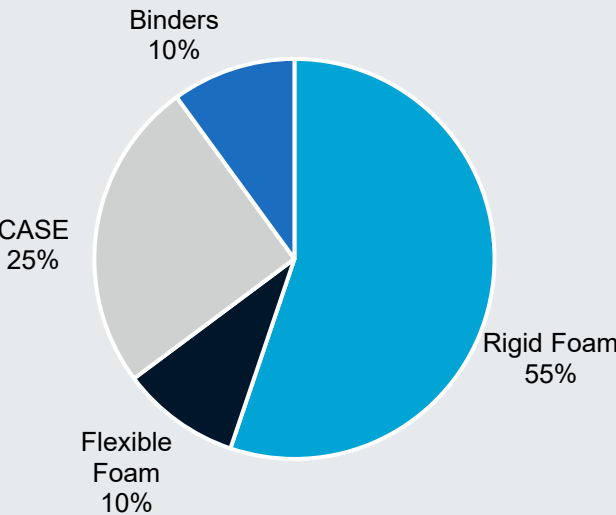
2025 - World MDI demand by end-use



**Total Demand = 7.6 Million Metric Tons**

Source: Chemical Market Analytics by OPIS © 2025 Oil Price Information Service, LLC.

2026 - World MDI demand by end-use

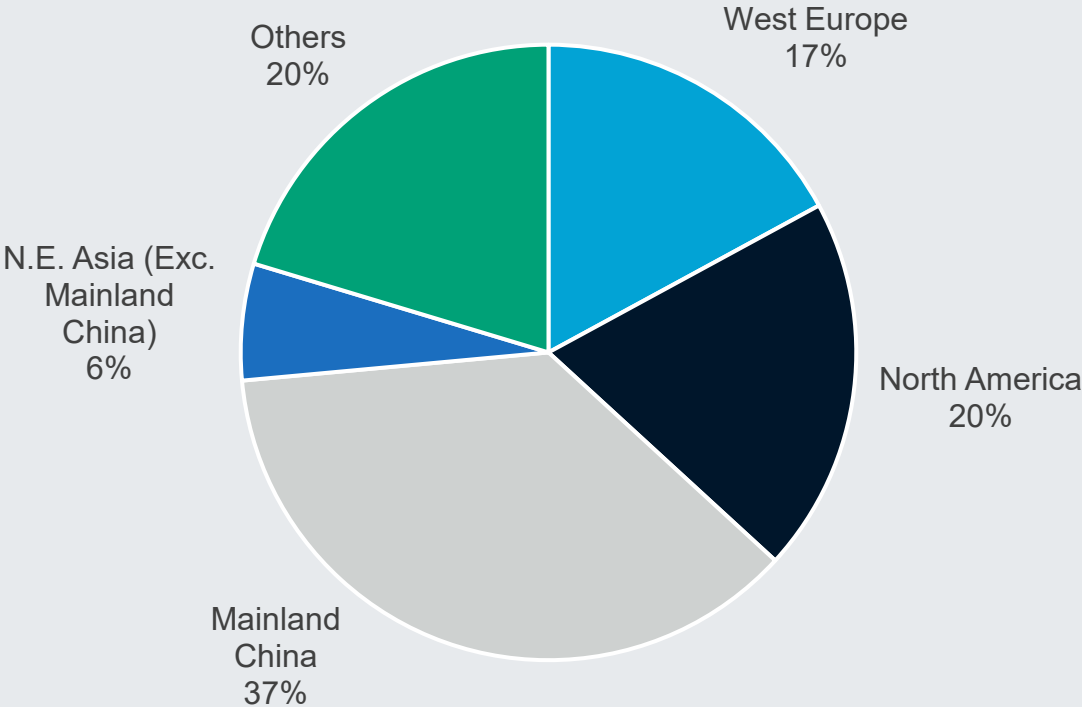


**Total Demand = 7.8 Million Metric Tons**

Source: Chemical Market Analytics by OPIS © 2025 Oil Price Information Service, LLC.

# Demand is not overly dominated by mainland China and growth will pick up in 2026-27

## 2025 - Regional MDI demand

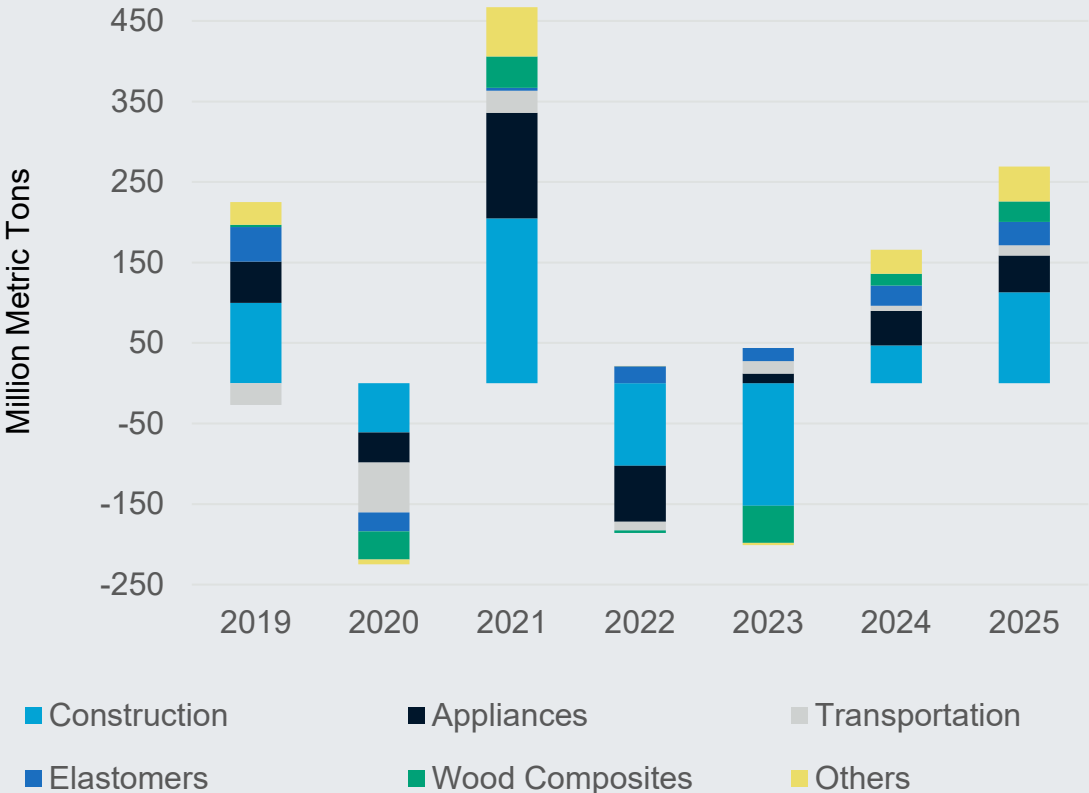


Total Demand = 7.3 Million Metric Tons

Source: Chemical Market Analytics by OPIS

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## World: MDI volume demand growth by sector

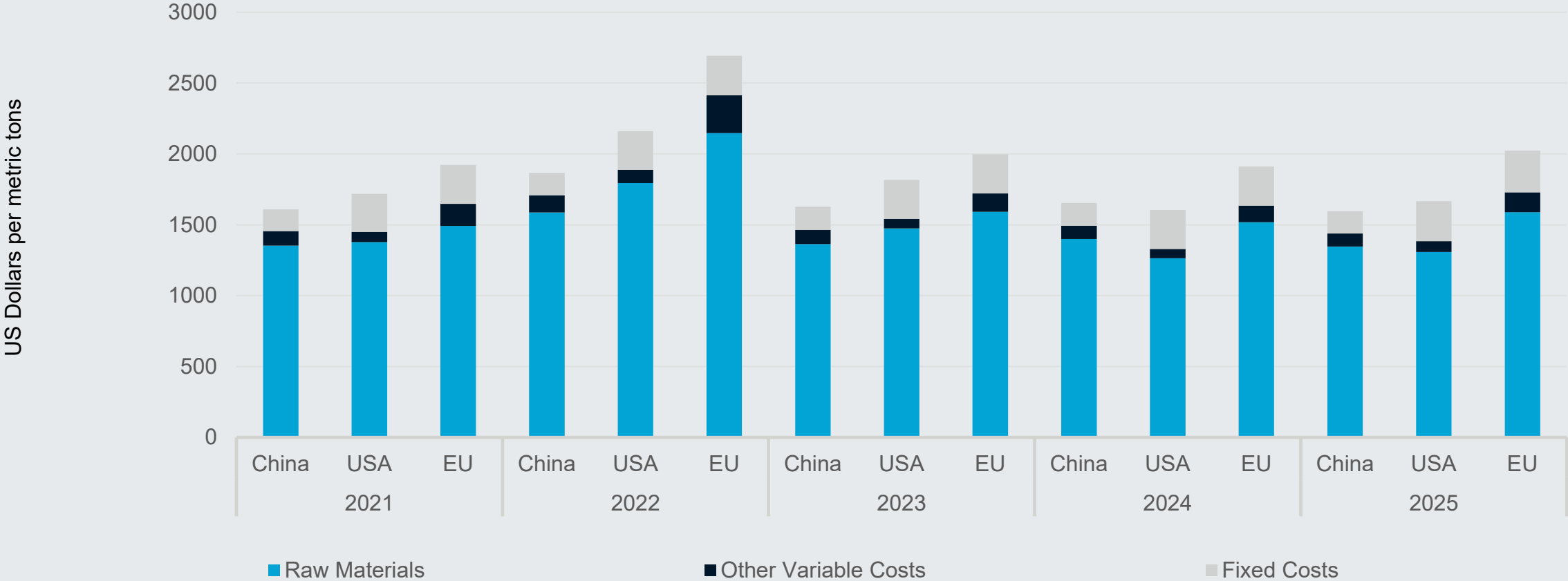


Source: Chemical Market Analytics by OPIS

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# European cash costs have eased but the region is still at a clear disadvantage

World: MDI production cost comparison

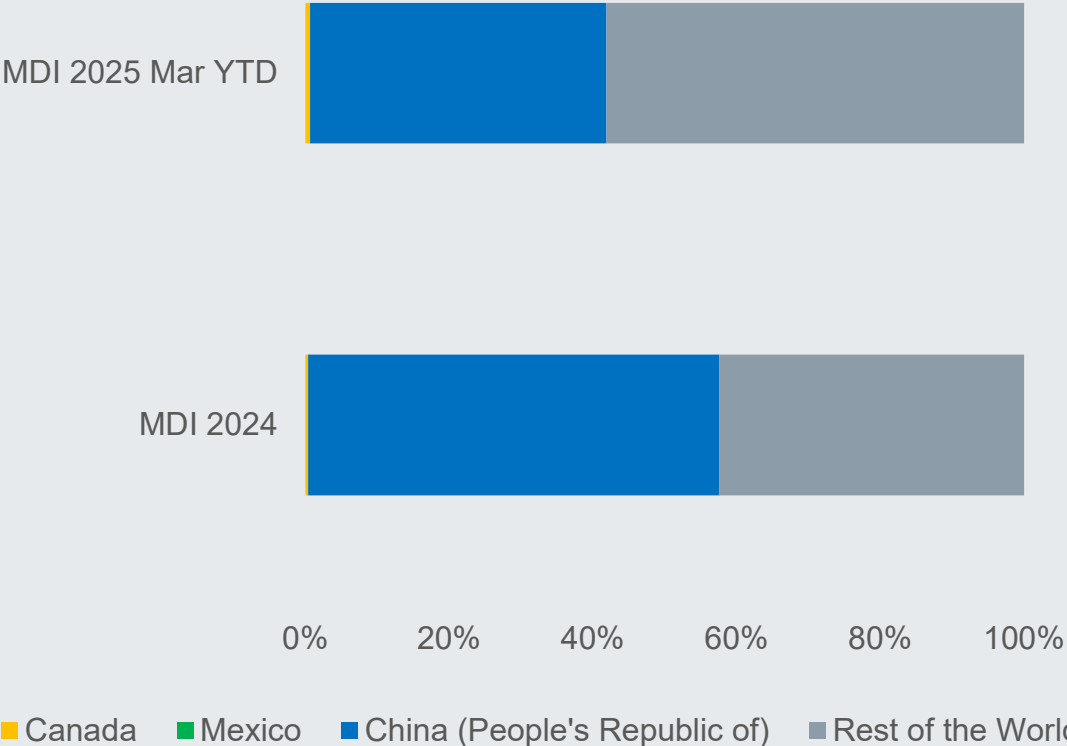


Source: Chemical Market Analytics by OPIS

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# Reliance of US on China MDI exports to decrease on the back of ADDs and tariffs

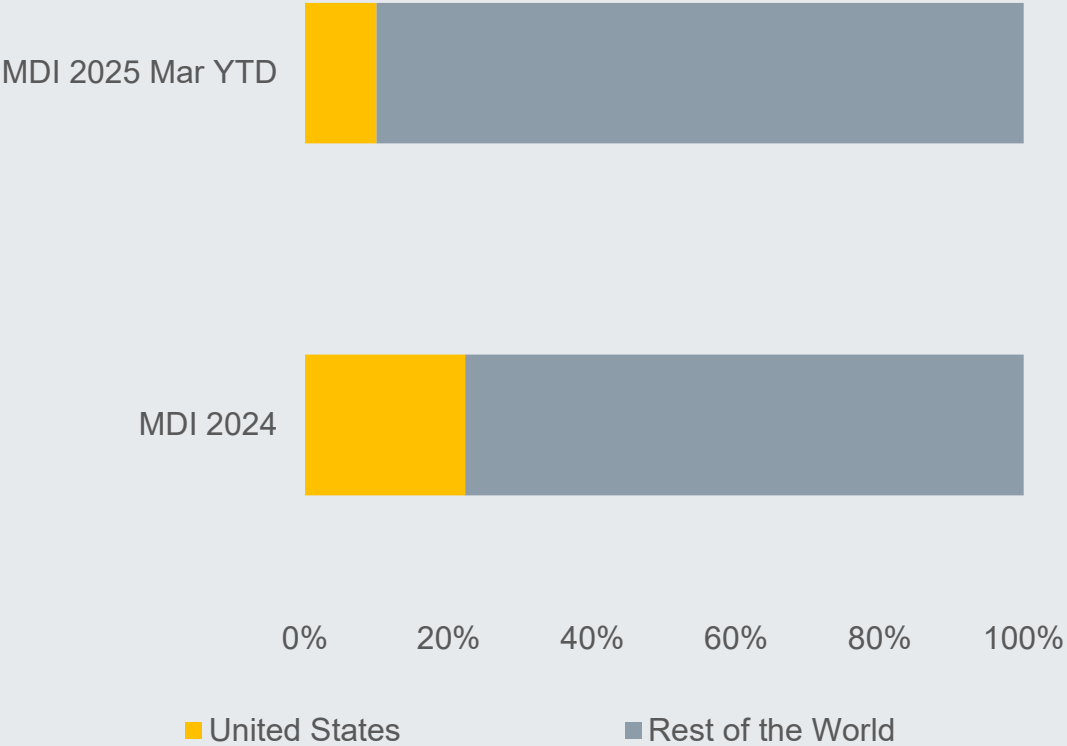
### US import partners for MDI in 2024 and 2025



Source: Chemical Market Analytics by OPIS

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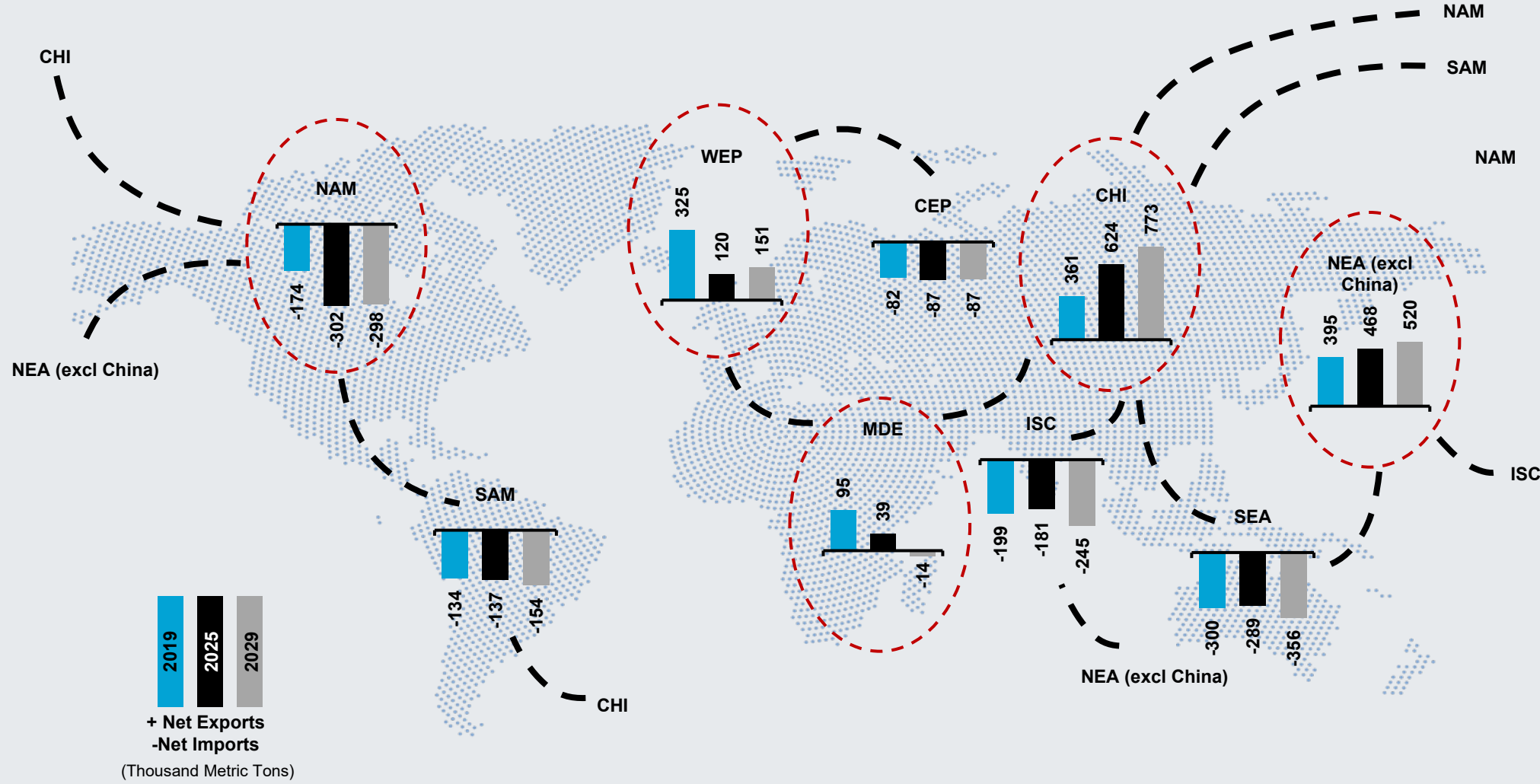
### China export partners for MDI in 2024 and 2025



Source: Chemical Market Analytics by OPIS

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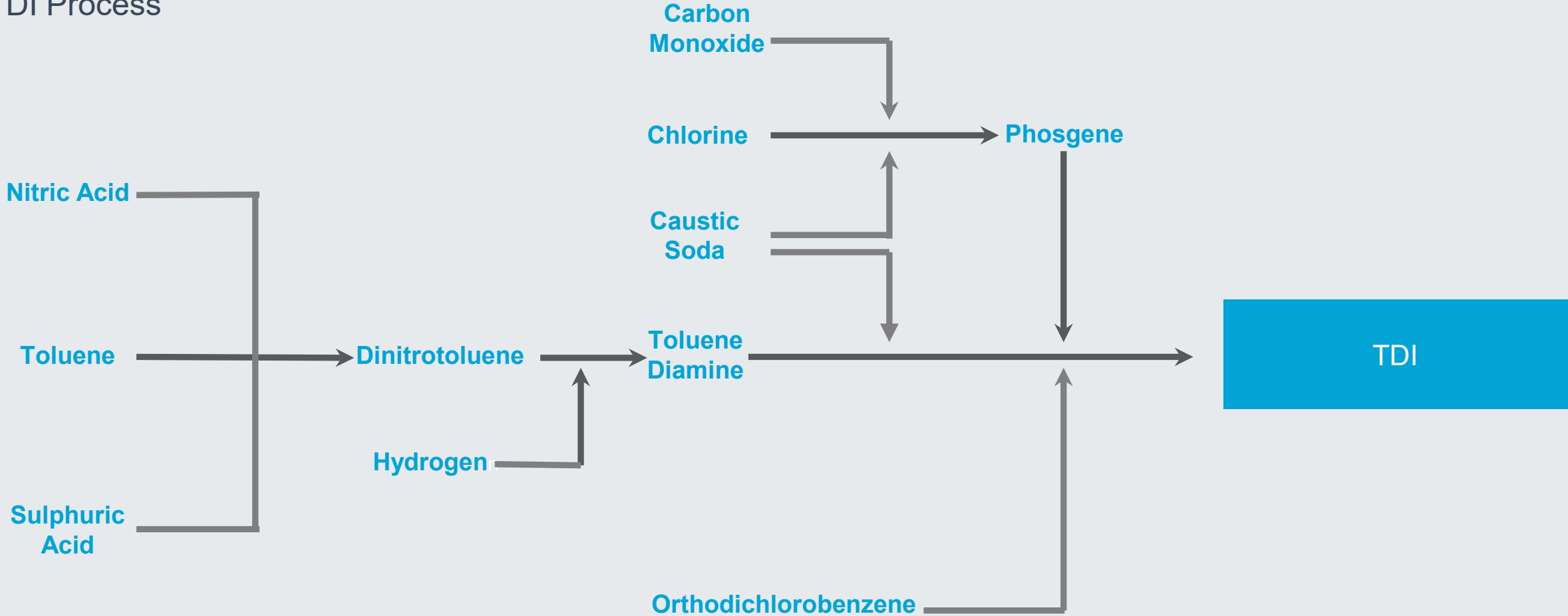
# MDI Trade Flows, China to grow exports, tariffs permitting



# Toluene Diisocyanate (TDI)

# The TDI production process is also complex

## TDI Process



TDI demand has slumped in the past 3 years, resulting in closures, longer term, growth is set to return 2026

TDI



High-cost production areas are under threat

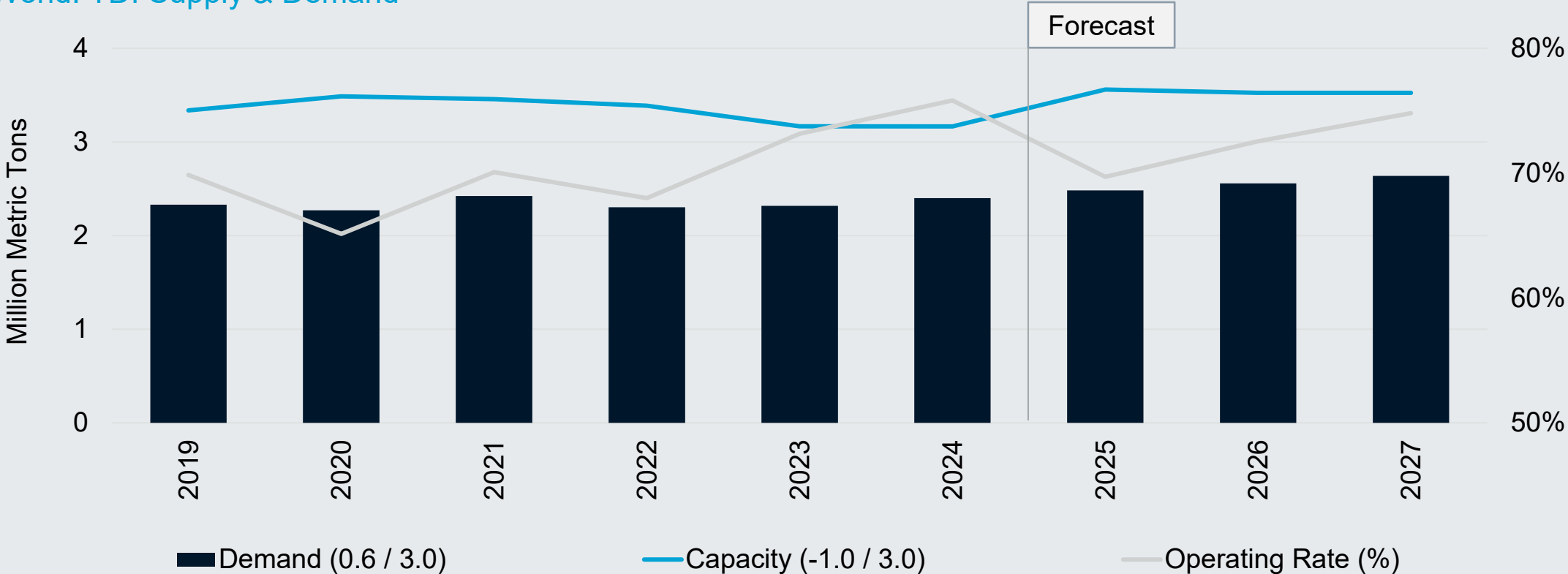
With recent closures and few announced expansions, operating rates will ultimately creep higher

Longer term improved margins should catalyse re-investment in new or expanded TDI capacity

Circular economy could impact long term TDI demand

Given the lack of announced capacity expansion, operating rates will gradually increase

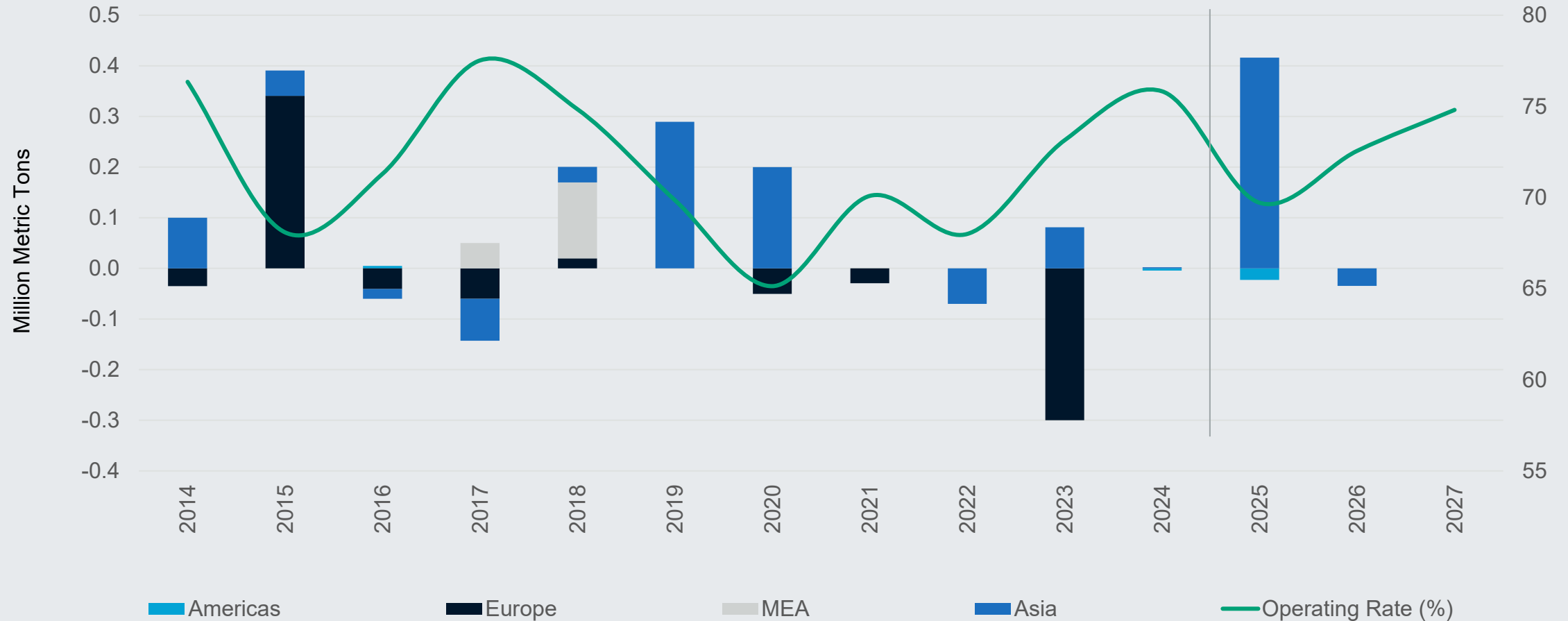
World: TDI Supply & Demand



Note: AAGR % (19-24 / 24-34)  
Source: Chemical Market Analytics by OPIS

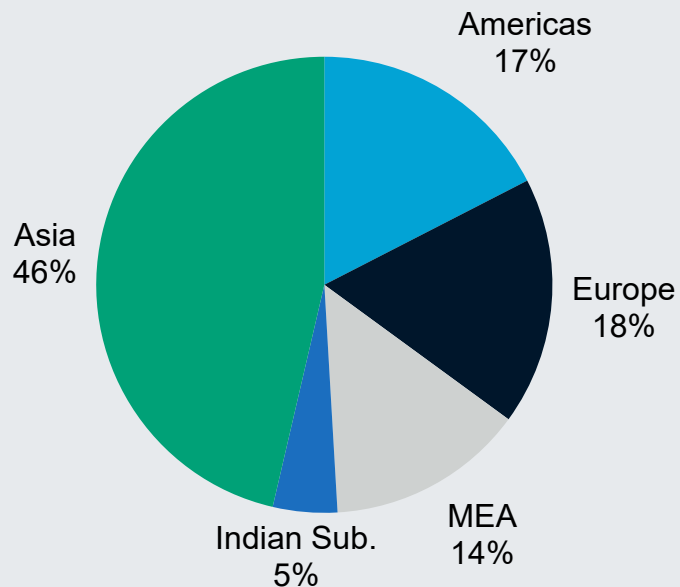
# A lack of investments among rising demand globally will see mid-cycle conditions reached in the next few years

## TDI net regional capacity change



# Demand growth focused in the developing world

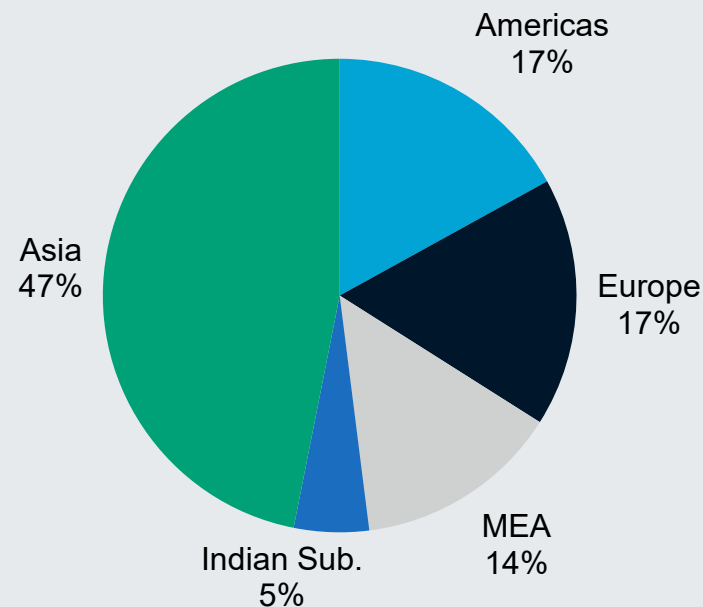
### World: 2025 TDI Demand by Region



**Total Capacity = 2.4 Million Metric Tons**

Source: Chemical Market Analytics by © 2025 Oil Price Information Service, LLC.

### World: 2029 TDI Demand by Region

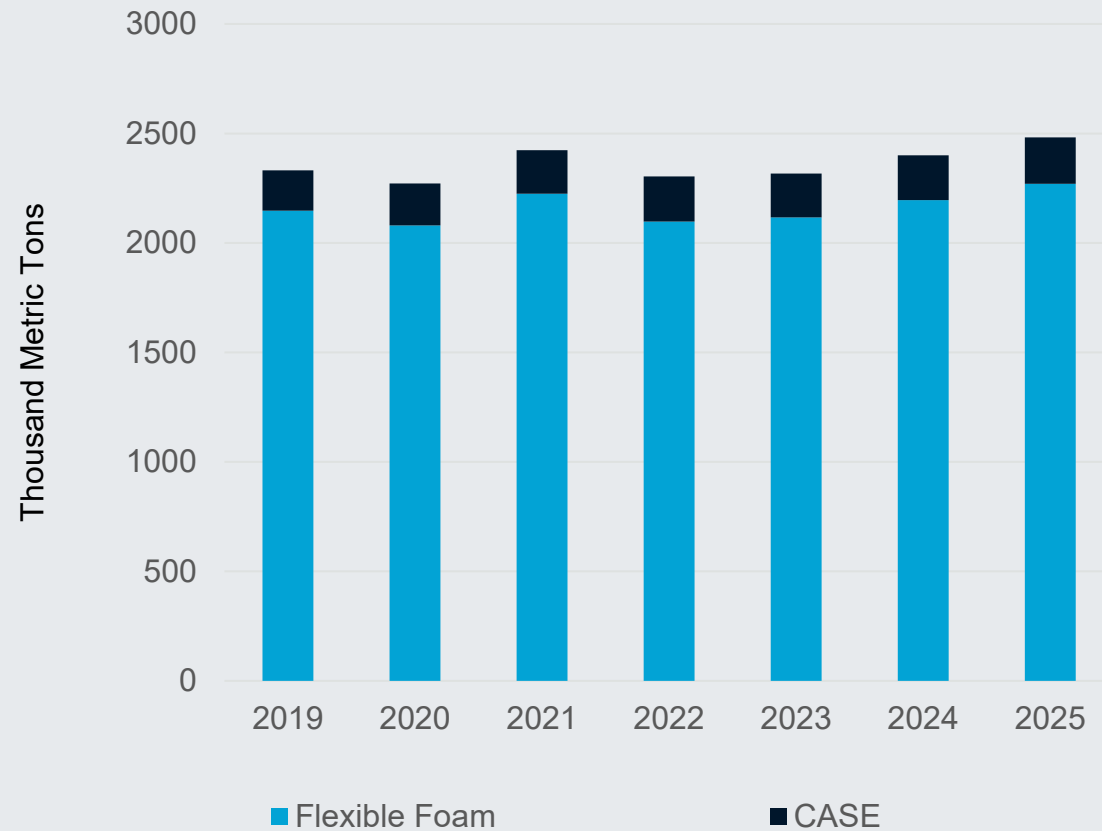


**Total Capacity = 2.8 Million Metric Tons**

Source: Chemical Market Analytics by OPIS © 2025 Oil Price Information Service, LLC.

# TDI is finding little 'comfort' from its key downstream sector

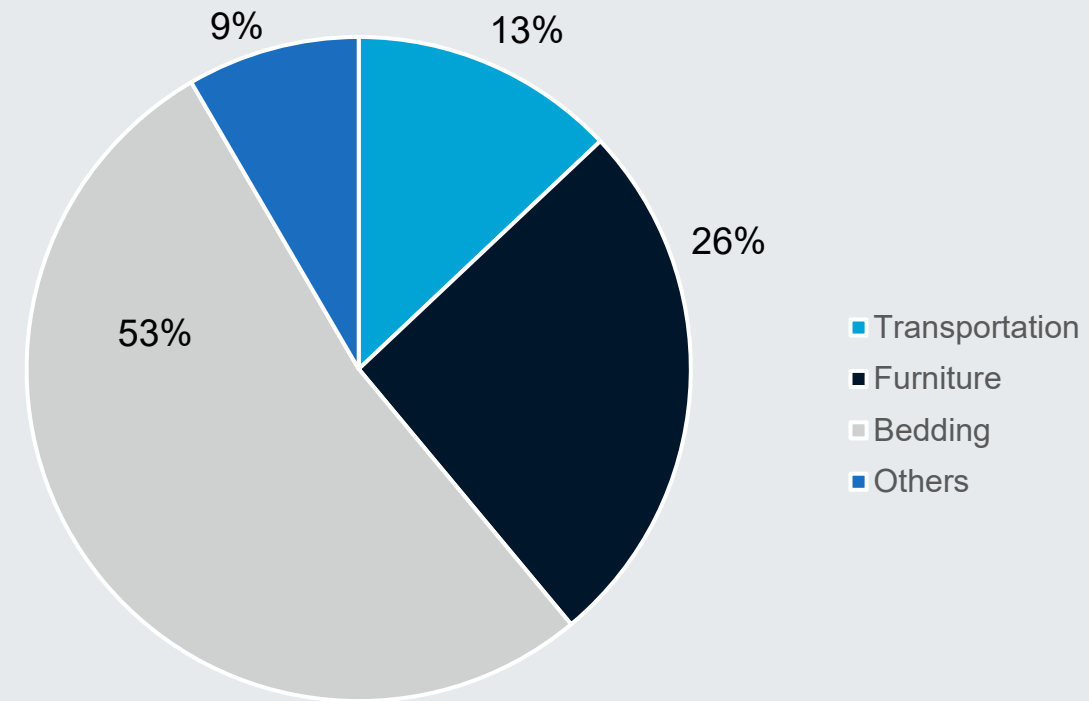
### Global TDI demand split



Source: Chemical Market Analytics by OPIS

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### Flexible Foam Demand Split



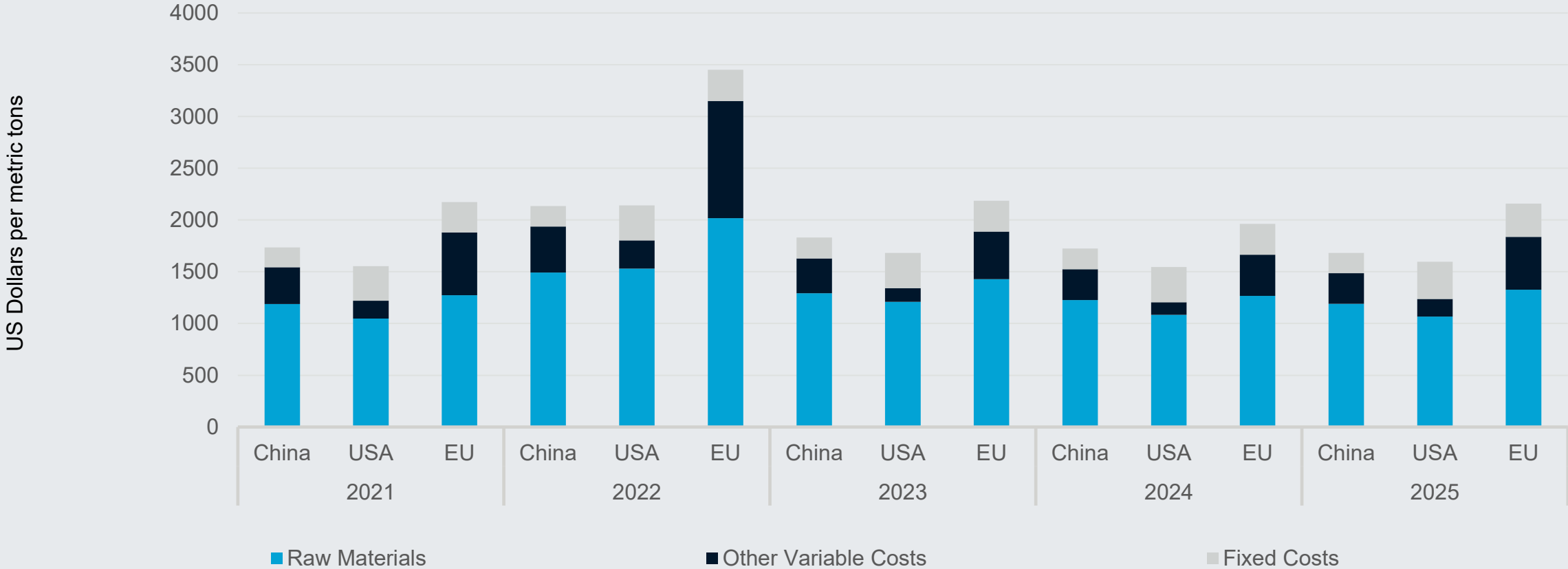
Total Flex Foam Demand = 2.2 million metric tons

Source: Chemical Market Analytics by OPIS

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# Europe remains cost disadvantaged, Asia and USA move towards parity

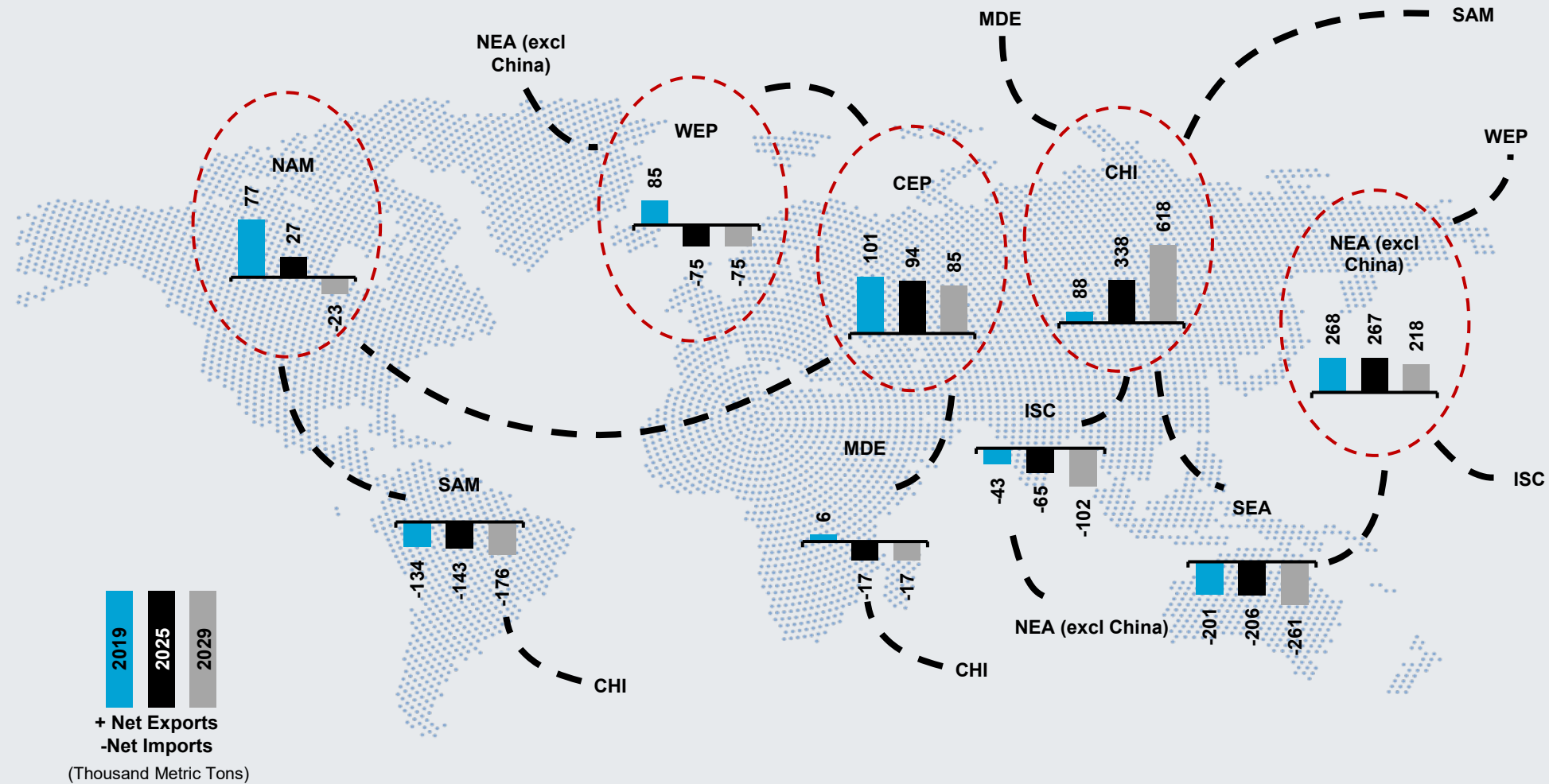
World: TDI production cost comparison



Source: Chemical Market Analytics by OPIS

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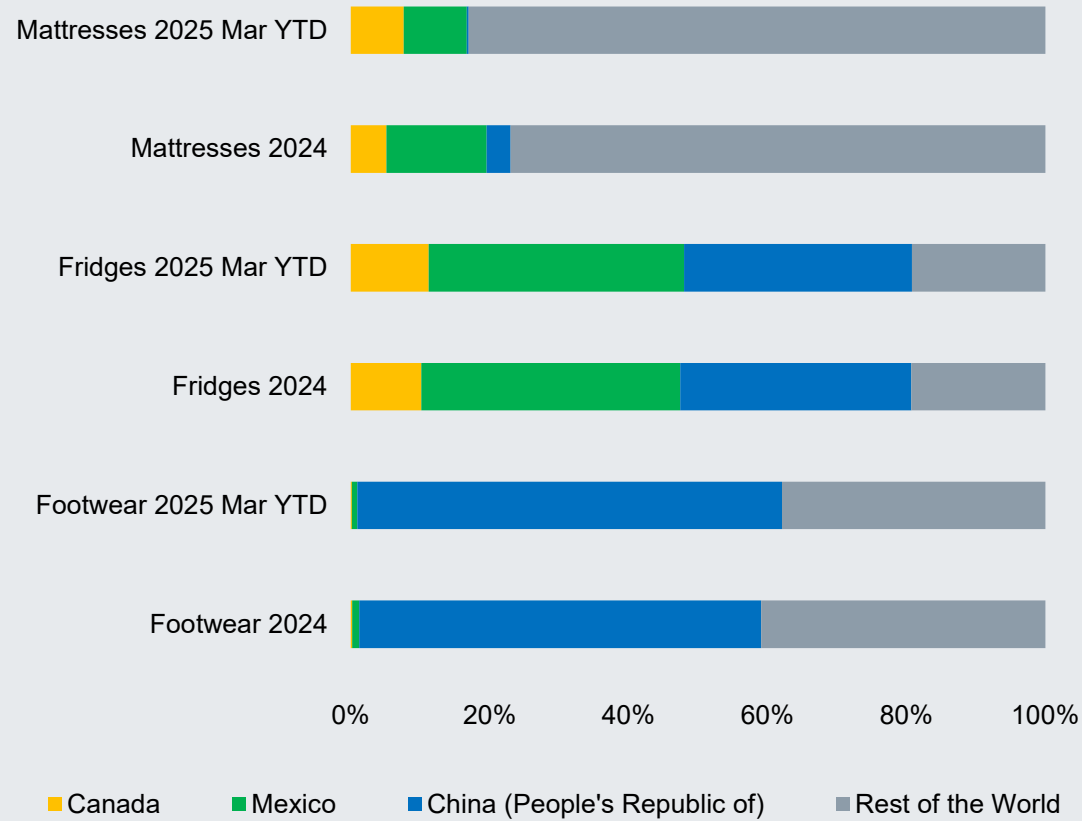
# TDI Trade Flows



Europe and North America become solid importers of TDI

# US-China trade for PU downstream products not insignificant

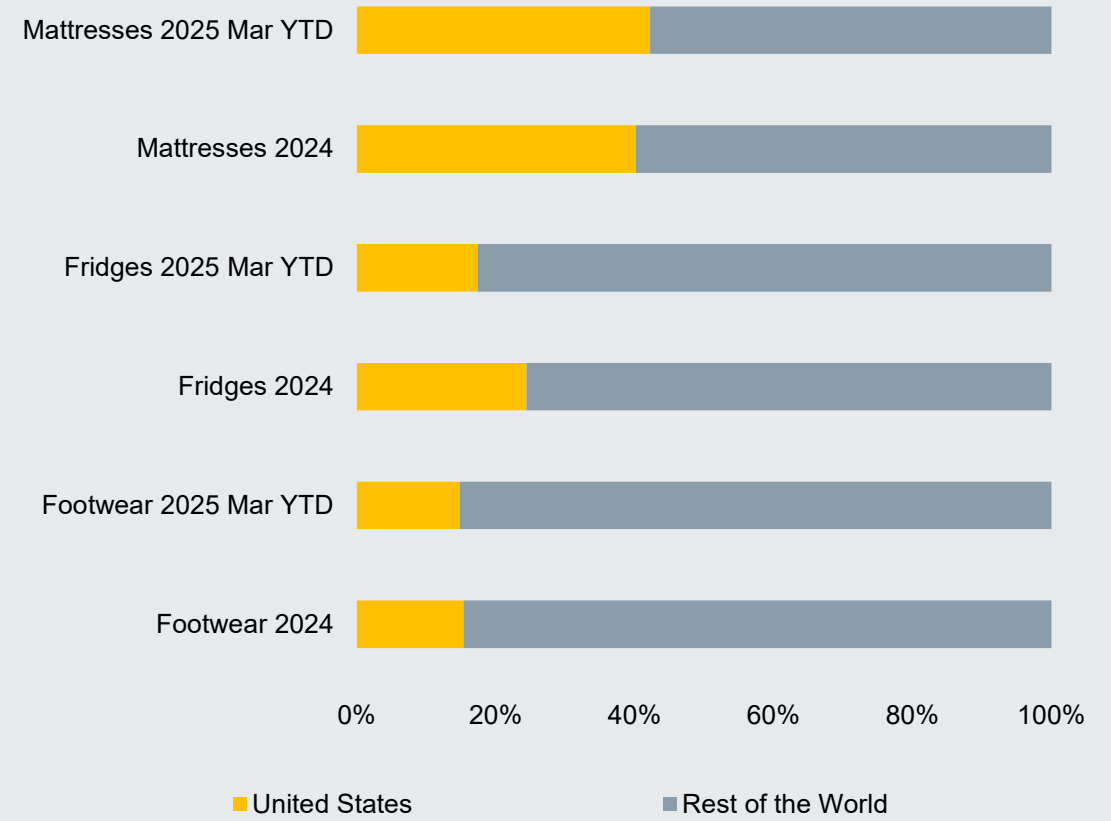
US import partners for PU downstream products in 2024 and 2025



Source: Chemical Market Analytics by OPIS

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China export partners for PU downstream products in 2024 and 2025



Source: Chemical Market Analytics by OPIS

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# Key Takeaways



Demand recovery is slower than forecast and is now expected to face further headwinds from tariffs



Capacity additions for MDI and TDI continue at a slower rate, although demand growth will have to catch up, especially for TDI



Asian exports to be a key supply source to meet growing demand in other regions

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[support@chemicalmarketanalytics.com](mailto:support@chemicalmarketanalytics.com)

North America: +1 888.301.2645 (toll-free within the U.S.)

<https://www.opisnet.com/contact/contact-us/>

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