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China Carbon Black Market By Process Type (Furnace Black, Gas Black, Lamp Black, Thermal Black), By Application (Tires, Plastics, Toners, Coatings, Textile Fibers, Others), By Region, Competition, Forecast and Opportunities, 2019-2029F

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Abstracts

China Carbon Black Market was valued at USD 4.97 billion in 2023 and is anticipated to reach USD 6.39 billion with a CAGR of 4.25% through the forecast period. China's significant role in the carbon black market stems from its position as the largest consumer and producer of tires in the Asia-Pacific region. The country's thriving automotive industry, coupled with increasing vehicle demand, has led to a surge in tire production, driving economic growth and creating robust demand for carbon black—a critical tire component that enhances strength and longevity. Beyond tire manufacturing, carbon black enjoys widespread applications across transportation, industrial, building, and construction sectors in China. Its versatile properties make it a desirable additive in coatings, plastics, inks, and other materials, enhancing their durability and performance. As these industries expand due to China's rapid urbanization and industrialization, the demand for carbon black is expected to rise further. For instance, According to the China Rubber Industry Association's (CRIA) guiding outline for the '14th Five-Year' Development Plan, China is projected to produce 704 million tires annually by 2025. This includes 527 million passenger radial tires, 148 million truck/bus radial tires, 29 million bias truck tires, 20,000 extra-large industrial tires, 12 million agricultural tires, and 54,000 aircraft tires. The projected growth reflects increasing global demand for Chinese tire products, reinforcing China's position as a key player in the international tire market.

Government policies in China have also bolstered the carbon black industry by supporting industrial growth and sustainability initiatives. While challenges like

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environmental concerns and raw material price volatility persist, efforts are underway to address them through stricter regulations and advancements in production technologies. China's carbon black market is experiencing rapid growth driven by its dominance in tire production, expanding applications of carbon black, and supportive government policies. Despite challenges, the market's trajectory remains positive, offering promising opportunities for industry players. Continued innovation and the discovery of new carbon black applications position China to strengthen its global market position.

Key Market Drivers

Growing Demand of Carbon Black in Plastic Industry

The carbon black market in China, a substantial segment of the global industry, is experiencing robust growth driven by several factors. A key driver is the increasing demand for carbon black within the plastic industry, which is further amplified by its expanding applications across various sectors. The automotive and construction industries have notably fueled the growth of China's carbon black market. Carbon black is essential in enhancing tire performance in the automotive sector and improving the quality of concrete and asphalt in construction. Additionally, the rising demand for packaging materials has led to increased utilization of carbon black in plastic applications like containers, films, and pipes. China's status as a major player in the plastic industry, coupled with the rapid expansion of its packaging sectors, has significantly contributed to the surge in demand for carbon black. Furthermore, the country's industrial growth and widespread adoption of carbon black across multiple sectors have further propelled market expansion.

Carbon black's importance in the plastic industry lies in its ability to act as a pigment and reinforce the strength of plastic products. It enhances durability, UV resistance, and color properties, aligning with the evolving needs of the plastic sector. As the plastic industry continues to evolve and expand, the demand for carbon black is anticipated to rise, driving further market growth. The increasing demand for carbon black within the plastic industry is a primary driver of China's carbon black market growth. With significant contributions from automotive, construction, and packaging sectors, alongside China's industrial expansion, the market is poised for substantial success.

Growing Demand of Carbon Black in Automotive Industry

The carbon black market in China, a significant player on the global stage, is

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experiencing notable growth driven by several factors. Chief among these is the increasing demand within the automotive industry, which serves as a substantial driver for market expansion. For instance, In July 2022, BASF SE, a leading chemical company, expanded its manufacturing capabilities for automotive refinish coatings at its coatings site in Jiangmen, Guangdong Province in South China. Through its subsidiary BASF Coatings (Guangdong) Co., Ltd. (BCG), the company invested in an expansion project to increase its production capacity to 30 kilotons annually. This strategic move aims to meet the growing demand for automotive refinish coatings in the region, driven by the rising number of vehicles on the road and the need for high-quality repair and maintenance solutions.

A primary application of carbon black lies in the automotive sector, particularly in tire manufacturing. Carbon black enhances tire strength and durability, making them resilient to wear and tear. Additionally, it finds usage in various other automotive components like belts, hoses, gaskets, seals, and wiper blades. China's status as the largest automobile market globally fuels substantial demand for carbon black in the automotive industry. The country's sizable production scale necessitates significant tire and rubber component consumption, thus boosting carbon black usage. Furthermore, the shift towards electric vehicles, which require larger tires due to battery weight, further increases carbon black demand. Beyond automotive, carbon black is utilized across diverse sectors including plastics, inks, paints, and coatings due to its versatile properties. This broad application spectrum contributes significantly to the growth of China's carbon black market.

Moreover, China's focus on sustainable development and environmental protection drives demand for carbon black. Efforts to reduce emissions and adopt cleaner technologies spur the use of carbon black in eco-friendly applications such as green tires and low rolling resistance compounds. The increasing demand for carbon black in the automotive industry, coupled with its versatile applications across sectors, propels growth in China's carbon black market. As China remains a leader in global manufacturing and sustainability initiatives, the market is poised for further expansion.

Key Market Challenges

Volatility in Price of Raw Materials and oversupply

Raw material markets often experience volatility due to factors like supply disruptions, pent-up demand, and geopolitical events. This volatility impacts industries such as the carbon black market, heavily reliant on raw materials like heavy residual oil.

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Fluctuations in oil prices directly influence production costs for carbon black manufacturers. During price surges, producers face the dilemma of absorbing extra costs, impacting profitability, or passing them onto customers, risking competitiveness. While demand from sectors like automotive drives China's carbon black market growth, raw material price volatility poses sustainability challenges. Chinese manufacturers must develop robust strategies, including risk management and innovation, to navigate this landscape. The market offers significant potential for those adept at managing raw material risks for sustained growth and profitability. In December 2024, International CSRC Investment Holdings, the parent company of Continental Carbon, is restructuring its global carbon black production to address oversupply in China while meeting rising demand in other regions. The company has sold its Chongqing facility to Longxing Chemical and is in negotiations to sell its Anshan plant. These actions are in response to a surplus in the Chinese market, driven by an increase in Russian carbon black imports following the EU's ban on Russian products. This scenario represents a challenge for the China Carbon Black Market. The oversupply caused by increased imports of Russian carbon black, coupled with the EU ban on Russian products, has created market pressure, leading companies to reorganize and sell off production facilities. This reflects difficulties in balancing domestic supply and demand dynamics while navigating the impact of global trade shifts.

Growing Dependence on Coal In China

The growing dependence on coal in China could also pose challenges due to environmental concerns and increasing regulatory pressures. In April 2024, Global Energy Monitor's (GEM) annual report revealed that China accounted for 95% of global new coal power construction in 2023. Construction commenced on 70 gigawatts (GW) of new capacity in China, marking a fourfold increase since 2019. In contrast, less than 4GW of new coal power construction began in the rest of the world, the lowest level since 2014. Globally, only 32 countries outside China have coal projects in pre-construction phases, and just seven are constructing new plants. The carbon black market, tightly linked to coal-based production, may face tightening environmental regulations aimed at reducing emissions and transitioning to cleaner energy sources. As China strives to meet its carbon neutrality goals by 2060, the government may introduce stricter regulations on coal usage, which could lead to reduced coal combustion and, in turn, affect carbon black production. Moreover, the rapid expansion of coal power plants could lead to an oversupply of carbon black, impacting market pricing and production efficiency. With fewer new coal projects being developed globally, there may be increasing competition among Chinese producers to secure market share, potentially lowering profitability in the carbon black sector.

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Key Market Trends

Growing Shift Toward Water-Based Carbon Black

Water-based carbon black is a type of carbon black dispersion that utilizes water as its primary dispersant, offering a more sustainable and environmentally friendly option compared to traditional oil-based carbon black. By eliminating harmful solvents, water-based carbon black addresses growing concerns about environmental pollution and the adverse effects associated with solvent-based carbon black.

This eco-friendly alternative finds applications across various industries, including coatings, paints, inks, plastics, and more. Its superior performance characteristics make it well-suited for these applications. Water-based carbon black ensures excellent dispersion, leading to uniform color distribution in different formulations. It also maintains stable color strength and exhibits good storage stability, making it suitable for prolonged use. The shift towards water-based carbon black is driven by two main factors. Firstly, there is a global emphasis on sustainable manufacturing practices, with industries aiming to minimize their environmental footprint. Secondly, there is increasing demand from environmentally conscious consumers for high-performance, eco-friendly products. Consequently, industries worldwide are actively seeking greener alternatives and increasingly adopting water-based carbon black.

China, being one of the largest carbon black markets globally, significantly influences industry trends. The country's commitment to sustainable manufacturing and adherence to the Paris Agreement have accelerated the adoption of water-based carbon black. Stringent environmental regulations in China have compelled manufacturers to explore cleaner production methods, aligning with the country's green initiatives. Moreover, rising consumer awareness about sustainability and the demand for greener products have further driven the shift towards water-based carbon black in China. Looking ahead, the outlook for the water-based carbon black market is promising. As industries prioritize sustainability and eco-friendly practices, the demand for this alternative is expected to rise. China, with its robust manufacturing sector and focus on green practices, is well-positioned to lead this trend. Manufacturers in the country are heavily investing in research and development to improve the quality of water-based carbon black and expand its applications, ensuring a sustainable and greener future.

Advancements in Production Technology

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Advancements in production technology have been pivotal in transforming the China Carbon Black Market, allowing manufacturers to meet rising demand while improving operational efficiency, reducing environmental impact, and ensuring product quality. One of the key innovations driving this change is the adoption of gasification technology. This technology involves the conversion of hydrocarbons, such as natural gas or oil, into syngas (synthetic gas), which is then used in the carbon black production process. By utilizing syngas, manufacturers can significantly reduce carbon emissions compared to traditional production methods, making it a more sustainable and energy-efficient alternative. This process also offers improved cost-effectiveness, as syngas production can lead to lower operating costs, making it attractive to companies striving for both economic and environmental sustainability.

In addition to gasification, the development of advanced reactors plays a crucial role in the improved efficiency of carbon black production. Modern reactors offer better control over temperature and pressure, which are critical factors in the carbon black manufacturing process. These advancements enable the production of carbon black with more consistent particle size, structure, and surface area, which is essential for applications in high-performance tires, coatings, and electronics. Enhanced control systems further contribute to efficiency, allowing manufacturers to monitor and adjust parameters in real-time to optimize production.

Moreover, there has been a significant improvement in quality control processes. New technologies, such as automated testing and digital monitoring, help ensure that the carbon black produced meets the specific requirements of various applications. These innovations reduce production errors and improve batch-to-batch consistency, which is crucial for industries requiring precise specifications, such as the automotive and electronics sectors.

Segmental Insights

Process Type Insights

In 2023, Based on the category of process type, the furnace black segment emerged as the dominant in the China Carbon Black market, based on the category of process type. Furnace black, a widely utilized coloring agent in masterbatches, has witnessed extensive use across various industries. The increasing production of these masterbatches has led to a notable surge in the consumption of furnace black. China, renowned for its flourishing tire and plastic goods manufacturing sectors, has been instrumental in propelling the demand for furnace black. The production of furnace

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black, primarily achieved through the Carbon Black Oil (CBO)/Coal Tar pathway, has demonstrated economic viability despite its relatively higher cost. This is chiefly attributable to the substantial demand and large-scale production activities prevalent in China.

Regional Insights

South Central emerged as the dominant player in the China Carbon Black Market in 2023, holding the largest market share in terms of value. South Central China, known for its bustling industrial activity, serves as a thriving hub for various sectors, including automotive manufacturing and rubber production. These industries, heavily reliant on carbon black, contribute significantly to the region's dominance in the market. Being a major consumer of carbon black, South Central China showcases a high concentration of these industries, thereby driving the demand for this essential component.

In recent years, China has taken notable steps to combat pollution, implementing stringent environmental regulations. The effects of these regulations are particularly evident in South Central East China, where a remarkable reduction in carbon emissions, specifically black carbon (BC), has been observed. This reduction in BC emissions has also coincided with a decline in carbon monoxide (CO) emissions. These positive outcomes highlight the effectiveness of the region's environmental control measures in mitigating pollution and promoting a cleaner and healthier environment.

Key Market Players

Jiangxi Black Cat Carbon Black Co. Ltd.

Shanghai Cabot Chemical Co. Ltd.

LongXing Chemical Stock Co. Ltd.

Suzhou Baohua Carbon Black Co. Ltd.

Shandong Huadong Rubber Materials Co. Ltd.

Report Scope:

In this report, the China Carbon Black Market has been segmented into the following

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categories, in addition to the industry trends which have also been detailed below:

China Carbon Black Market, By Process Type:

Furnace Black

Gas Black

Lamp Black

Thermal Black

China Carbon Black Market, By Application:

Tires

Plastics

Toners

Coatings

Textile Fibers

Others

China Carbon Black Market, By Region:

East

North & North-East

Southwest

South Central

Northwest

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Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the China Carbon Black Market.

Available Customizations:

China Carbon Black Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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