

## Message from the President

After having organised our **IMPCA Mini Conference America** in New Orleans for four consecutive years, this year we had chosen to return to Miami where it all started back in 2012. We are satisfied that this conference is attracting a steady audience, not only from the US, but also from the rest of the world. Several subjects were covered in the papers presented at the conference in Miami, which you can read more about below. We are very pleased that this conference has proven to be an important vehicle for exchange of relevant information and for review of matters of interest to the industry. As it looks like at the moment, we shall return to Miami next year.



Our members and the participants at this year's conference, which is presented more in detail below, will be able to download the presentations when logging in at our web-site [www.impca.eu](http://www.impca.eu).

I hope to see you at one or more of our other events later this year, the first one being the **31<sup>st</sup> IMPCA Mini-Conference** at the Nassauer Hof Hotel in **WIESBADEN, Germany** on the **13<sup>th</sup> and 14<sup>th</sup> June 2019**.

René Butzelaar, President

## The 7th IMPCA Mini Conference America

took place at LOEWS Hotel Miami Beach, Florida on the 07<sup>th</sup> and 08<sup>th</sup> February 2019.

Prior to the conference, on Thursday morning, a Golf Outing was organised.

Thursday evening the delegates could enjoy the Official Opening Welcome Event at the Conference Terrace in the hotel.

At **Friday morning's business session**, the audience had the opportunity to listen to 7 speakers on various issues of importance to the industry.

The **Global Methanol Overview** was given by **Marc Alvarado** of **IHS Markit**, and his conclusions were:



## Conclusions: Methanol

- Capacity:
  - > Methanol capacity additions are slowing with a few remaining projects in China, environmental issues provide a hurdle; political pressures leading to delays in Iranian startups; the US is still trying to cash in cheap natural gas
- Demand:
  - > Methanol demand still exceeds GDP overall, though lower than recent years due to lower oil prices and competing routes to intermediate chemicals
- MTO Analysis:
  - > An integrated approach to profitability is a must, the results vary widely site by site
  - > This market segment is headed into a very challenging time period
- Prices:
  - > Methanol prices will come under strong pressures to keep from being shut out of key derivatives over the next 3 to 4 years, things will improve markedly after this


Charles Neivert of COWEN had chosen the title “A View on Methanol from Wall Street”.

Among the subjects he covered were:

## Key Changes In Global Chemical Market That Led To Methanol Demand Growth

- The key to investor interest is a focus on sustainability of the driving force.
- In our view, environmental regulations and product self-sufficiency are the two major sustainable drivers. Oil, coal, nat gas prices rise and fall. However, the use of methanol to drive both chemical and energy self sufficiency and meet increasingly stringent environmental goals will both be around for a long time.
- Furthermore, it is important to note that other factors in the background helped drive and sustain methanol markets at one time or another. This includes: High derivative prices (acetic acid/VAM), declines in US natural gas prices from the boom in shale oil and gas. These issues along with some of the others listed led to strong methanol economics.
- Oddly, few if any of the newer applications were truly “new.” Each known outlets for methanol but were not economically viable.
- However, methanol is now becoming more ingrained into the petrochemical industry.

“Methanol at an Inflection Point” was the title of the presentation given by James S Lamoureaux, chairman of IGP Methanol, and he concluded as follows:



## Conclusion

- Methanol is entering an Inflection Point
- Fuel adoption poised to drive large demand increases
- Environmental drivers in China and India will drive adoption

### Risks

- Long supply development cycle
- High methanol prices are good for producers and create headwinds for adoption
- Stable supply required for fuel users

Maureen Haynes, from Nexant Inc. was "Calling All (Methanol) Cars".

## Conclusions

- As a conventional vehicle fuel, methanol is technically demonstrated but is not commercially attractive
- Methanol was tested for many years as an auto fuel as a strategy to reduce air pollutant emissions and reduce dependence on petroleum liquids. Despite these efforts, methanol was not a commercial success
- Methanol's relatively low energy density (roughly half of that of gasoline on a volumetric basis) has been a real impediment to acceptance in terms of vehicle range
- Methanol has not found enthusiastic consumer acceptance as it:
  - Offers insufficient advantages in price, convenience, or performance
  - Has not been subsidized as ethanol has and with lacking comparable political support, it seems unlikely it will receive required subsidies in the future
- To garner such political and consumer support for methanol as an auto fuel, can methanol position itself as a:
  - Solution to natural gas flaring? Have TX/ND subsidize?
  - New outlet for the U.S. coal sector? Have WY, WV, KY, PA, MT subsidize and have the coal lobby join with MI's efforts
- Methanol has high technical potential in many ways to dominate the fuel cell auto market, but its introduction and use would represent a major paradigm shift and a challenge for suppliers, distributors, regulators, and consumers
- Marine fuel seems to have more practical short term potential for commercial acceptance of methanol



IMPCA America 2019 Haynes

Hans Godoy, STEEM1960, Houston gave the audience a “Chemical Shipping Market Outlook” and he covered the following subjects:

2 | steem1960.com

## AGENDA

- 1 Introduction
- 2 Importance of freight costs for the methanol market
- 3 Chemical shipping market outlook
- 4 IMO 2020

“New Methanol Markets – Global Progress” was the title of the paper given by Greg Dolan, CEO of the Methanol Institute.

Among the subjects he covered were:

## Global Methanol Fuel Examples

- Canada – Waterfront vessels
- Iceland – M100 trials
- Sweden – marine fuel
- USA – motorsport fuel
- UK – EN228 low blend
- Denmark – fuel cells for vehicles
- China – M15 to M100, boilers, cook stoves
- Italy – Eni/FCA M15/E5
- Israel – M15 to M100, power generation
- Egypt – M15 trials
- Trinidad – M5
- New Zealand – M3
- Africa – cook stoves
- India – Methanol Economy roadmap
- Australia – GEM fuels

The final paper was given by **Ronnie Virissimo** of **SCB Group** and had the title “**US Methanol Futures Overview**”:

## Getting Set Up to Trade Methanol Futures Through SCB

- If you already use the CME for other products such as Nat Gas Futures, talk to your Clearing Firm about adding MTH and MT2 Methanol Futures to your account
- Enable SCB as an approved brokerage for your account on the MTH and MT2 Methanol Futures
- Stay in touch with SCB to hear where futures are pricing and discuss strategies that will fit your needs
- If you are currently not set up to trade on the CME, talk to us about the process and your options.

IMPCA thanks the speakers, delegates and sponsors for their valuable contribution in making the conference a success.



**7th IMPCA Conference America**  
**7th & 8th February 2019**

**LOEWS Miami Beach Hotel**  
1601 Collins Avenue, Miami Beach, 33139



IMPCA thanks the following companies for their support for this year's conference:



**31<sup>st</sup> IMPCA European Mini-Conference 2019 WIESBADEN, Germany**

The Mini-Conference in 2019 will be held in Wiesbaden, Germany. Crucial for the choice of venue is of course that a ship suitable for our Thursday evening Welcome Buffet Dinner is available. No doubt, the participants will this year be able to enjoy delicious food and wine whilst cruising on the River Rhine.



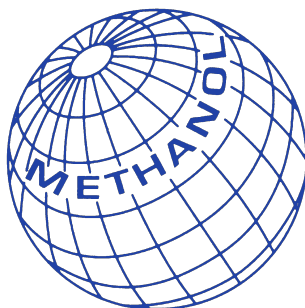
See you all  
at the  
**31st IMPCA**  
**Mini-Conference**  
**13-14 June 2019**

Sponsorship  
opportunities  
are  
available

Wiesbaden  
Germany

Nassauer Hof

*Sponsorship opportunities are available for this year's Mini-Conference.*



*Your company's logo could be here!*

**22<sup>nd</sup> IMPCA Asian Methanol Conference 2019**

**Methanol Marketing Services Asia** will be organising the 22nd IMPCA Asian Methanol conference in **Singapore** from **November 5th to November 7th, 2019**.



As this conference has become the most important Asian event when it comes to methanol conferences, you should definitely mark this event in your calendar.



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