



BASIC CHEMICALS SECTOR: CARBON BLACK

**EU ban on Russian carbon black to
aid Indian exporters**

OCTOBER 2023

EU sanctions on Russian carbon black open opportunities for China and India, with Indian manufacturers enjoying cost advantages over their Chinese counterparts.



- Global carbon black demand has steadily grown over the years, barring the Covid-19 pandemic period, and is expected to grow in the medium term backed by growth in demand from end-users such as tyres, mechanical rubber, printing inks, plastics and polymers etc.



- Europe is a net importer of carbon black. The Russia-Ukraine war and subsequent sanctions imposed on Russia have led to supply disruptions from Russia with the European Union passing a resolution in February 2023 enforcing complete ban on imports of Russian carbon black from July 01, 2024.



- European sanctions on Russian carbon black opens an opportunity for Chinese and Indian manufacturers with the latter enjoying cost advantages over China as Chinese manufacturers use carbon black oil (CBO) as a raw material, which is costlier vis-à-vis the carbon black feedstock (CBFS) used by Indian manufacturers.



- India has become a net exporter of carbon black since FY2022. Most Indian carbon black manufacturers are undertaking capacity expansions to enhance India's exports. The domestic carbon black manufacturing capacities are expected to increase by ~15% in the next two years.

1 Global Scenario



2 European Scenario



3 Asian Scenario



4 Indian Scenario



5 Prices



6 ICRA Ratings – Carbon Black Players





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