

China's PBAT prices rise as raw material costs collide with oversupply

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Kingfa Sci. & Tech. has announced its second PBAT price increase of 2026, joining four other Chinese producers in raising prices as feedstock costs climb. But with domestic capacity outpacing demand, the industry's ability to convert higher prices into sustainable profits remains uncertain



China's biodegradable plastics industry is confronting a familiar industrial dilemma: rising production costs are forcing manufacturers to raise prices, even as excess capacity and weak operating rates constrain their pricing power. Zhuhai Kingfa Biomaterial Co., Ltd., a subsidiary of Kingfa Sci. & Tech., has announced a new round of price increases across its polybutylene adipate terephthalate (PBAT) product portfolio. Effective October 2026, resin grades will increase by RMB1,200 per tonne, modified grades by RMB850 per tonne, and masterbatch products by RMB600 per tonne. The company has also left open the possibility of further increases.

The adjustment marks Kingfa's second PBAT price revision this year. On March 2, the company raised resin prices by RMB700 per tonne, modified products by RMB500 per tonne, and masterbatch grades by RMB400 per tonne. Across both rounds, the cumulative increase for PBAT resin grades has reached RMB1,900 per tonne. Both announcements cited rising upstream raw material costs, particularly purified terephthalic acid (PTA) and adipic acid (AA). More recently, higher butanediol (BDO) prices have added to the cost burden facing manufacturers.

The latest increases indicate that producers are attempting to pass at least part of the additional cost burden downstream. Whether these adjustments will translate into stronger margins, however, depends on how much of the increase buyers will accept in a market still grappling with structural oversupply.

Feedstock inflation drives the latest round

BDO has emerged as a key pressure point for PBAT manufacturers. Xinjiang Blue Ridge Tunhe's October listed price for BDO in East China reached RMB10,000 per tonne, compared with a September settlement price of RMB8,695 per tonne. As a core raw material used in PBAT polymerisation, BDO directly influences production economics. Its price escalation has reinforced the pressure from other upstream inputs, prompting manufacturers to revise selling prices.

Market quotations suggest that some of this pressure is already being reflected in PBAT prices. On October 8, the mainstream negotiated price for PBAT in East China stood at RMB12,000-12,500 per tonne, averaging RMB12,250 per tonne—an increase of RMB650 per tonne from the previous month.

The pace of the increases across manufacturers suggests that the latest adjustment is not an isolated decision by Kingfa but part of a broader industry response to rising production costs. Between October 8 and 10, four other companies—Rui'an Technology, Huafon Group, Mogao Juhe and Zhejiang Yinchuang—also announced PBAT price revisions.

Rui'an Technology adjusted its PBAT price to RMB12,500 per tonne from October 8. Huafon Group and Mogao Juhe announced increases of RMB1,000 per tonne, while Zhejiang Yinchuang raised PBAT resin prices by RMB1,000 per tonne and modified product prices by RMB700-1,000 per tonne. Across these announcements, increases generally ranged from RMB600 to RMB1,200 per tonne. The near-simultaneous revisions point to a common cost problem across the industry. However, higher announced prices do not automatically translate into equivalent realised prices, particularly when manufacturers are competing for buyers in a market with substantial installed capacity.

Kingfa builds scale across the value chain

Kingfa's pricing move comes against a backdrop of strong growth in its biodegradable plastics business. The company reported biodegradable plastic product sales of 226,300 tonnes in 2025, an increase of 25.37 per cent year on year, with PBAT accounting for a leading share of sales. Momentum continued in the first half of 2026, when sales volume reached 144,500 tonnes, up 40.70 per cent year on year. The company also reported that its new materials segment recorded sales volume of 178,300 tonnes during the period, representing growth of 38.75 per cent. These figures indicate faster expansion in the new materials business than in its modified plastics segment.

Capacity investment has supported this growth. Kingfa has developed an integrated production system spanning bio-based monomers, polymerisation and product modification, strengthening its ability to manage inputs and finished-product manufacturing across the value chain. Following the addition of 80,000 tonnes of polymerisation capacity in June 2026, the company's biodegradable plastics polymerisation capacity approached 300,000 tonnes. It has also commissioned annual production capacity of 50,000 tonnes of bio-based succinic acid and 10,000 tonnes of bio-based BDO, while increasing the proportion of bio-based raw materials used in production.

Separately, Kingfa has commissioned 30,000 tonnes of annual polylactic acid (PLA) polymerisation capacity, broadening its biodegradable materials portfolio. This integrated structure could provide advantages in feedstock management, production coordination and product development. Yet scale alone cannot guarantee stronger profitability. In a market where capacity has expanded faster than demand, additional production assets must be supported by sustained orders, competitive costs and applications that can absorb growing volumes.

Oversupply remains the industry's central challenge

China has become the dominant production centre for PBAT, with domestic capacity exceeding 1.49 million tonnes in 2025—approximately 90 per cent of global capacity, according to the figures cited in the industry report. The difficulty is that capacity expansion has not been matched by a proportionate increase in demand. Industry operating rates have remained low, while producers have faced sustained profitability pressure and widespread losses.

This imbalance complicates the current price increases. Higher feedstock costs create a compelling reason to raise selling prices, but surplus capacity gives buyers alternatives and can limit manufacturers' ability to pass on the full increase. The result is a market caught between cost inflation and weak pricing power. If downstream demand remains insufficient, price revisions may offer only partial relief. If manufacturers cannot transfer higher costs to customers, margins could deteriorate further.

The export outlook adds another layer of uncertainty. On June 4, 2026, the European Union initiated an anti-dumping investigation into PBAT products originating in China. The investigation creates a potential trade risk for Chinese exporters, although its eventual impact will depend on the outcome and any measures that follow.

Regulation and emerging applications offer a counterweight

Despite these challenges, the long-term demand outlook is supported by environmental regulation and the development of new applications. China's Ecological Environment Code formally took effect on August 15, 2026, according to the supplied industry report. The code includes provisions prohibiting or restricting the production, sale and use of specified non-degradable plastic bags and other disposable plastic products. The regulatory shift strengthens the legal framework governing plastic use and could support demand for compliant alternatives.

However, the commercial impact will depend on implementation, the specific products covered, the availability of suitable substitutes and the economics of switching materials. Regulation can create demand opportunities, but it does not eliminate the need for competitive pricing and reliable product performance.

New applications, including 3D printing and bio-based products, are also creating additional avenues for market development. Kingfa has identified these segments, alongside the expansion of environmentally driven substitution demand, as potential growth drivers for its biodegradable plastics business. In its 2026 interim report, the company expressed the expectation that the removal of outdated capacity would improve the industry's supply-demand balance. It also indicated that product-mix optimisation and economies of scale could support further profitability improvements.

The critical variable is execution. New applications must develop sufficient commercial volume to absorb capacity, while less competitive production assets must exit or reduce output for the supply-demand balance to improve materially.

The next test is profitable growth

Kingfa's latest price increase captures the competing forces shaping China's PBAT industry. Rising BDO and other feedstock costs are pushing manufacturers to seek higher prices, while capacity expansion and weak utilisation continue to constrain the market.

The industry's long-term prospects are not determined by feedstock inflation alone. Regulatory changes, the growth of biodegradable material applications and the development of integrated production systems could strengthen demand and improve operating economics. But these opportunities must translate into sustained orders and better capacity utilisation.

For Kingfa and its competitors, the next phase will be less about announcing price increases and more about demonstrating that the market can absorb them. A durable recovery will require demand growth to catch up with installed capacity, cost pressures to be managed across the value chain, and new applications to move beyond promise into repeatable commercial demand. Until that happens, rising PBAT prices may signal mounting cost pressure as much as improving market conditions.