

Check against delivery

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**Hong-Kong Canada Business Association**

Thank you...

It is a pleasure to be with you here today and I am honoured to be asked to share some of Methanex' experiences in Hong Kong and in Asia and to talk about the applications of methanol in the energy sector. I have had the opportunity to be in Hong Kong often over the last years and it is always a pleasure to travel and work there. As a native New Zealander, I also feel quite at home in Hong Kong, as both New Zealand and Hong Kong rank in the top five economies where it is easiest to do business, according to the World Bank.

Today, I will tell you about Methanex and the product that we manufacture and distribute: methanol. Most of you have no doubt heard of methanol as a chemical but I also intend on discussing methanol's growing applications as a carrier of energy. I will then tell you about the process that led Methanex to relocate our head office for Asia Pacific from Auckland, New Zealand to Hong Kong and why we appreciate the city so much. Finally, I will tell you about challenges and opportunities Methanex has encountered in Asia, as well as share some management practices and values that have allowed us to successfully overcome these challenges and seize opportunities.

Let me begin by telling you about Methanex. Methanex is the world's largest supplier of methanol to international markets in North America, Asia Pacific, Europe and Latin America. Headquartered right here in Vancouver, we rely on a global network of methanol production facilities and regional marketing offices to supply our customers across the world. Our methanol production facilities are located in Chile, Trinidad & Tobago and New Zealand. We are in the process of constructing a methanol facility in Egypt and production from the plant is expected in early 2010. We also manage a fleet of tankers that is an important part of an extensive global methanol supply chain that provides reliability and security of supply to our customers. Let me emphasize this last point: in a commodity business such as methanol, key differentiators such as safety, quality and reliability make a huge difference. When customers buy from us, they know that they are getting what they ordered, when they ordered it and they will receive our support to ensure that our product is safely handled. This is the Methanex value proposition.

So, what is methanol? Methanol is alcohol in its simplest form. It is a clear liquid, usually made from mixing natural gas with steam, although coal-based methanol is growing in use, especially in China. Traditional applications for methanol vary from producing everyday consumer and industrial products such as formaldehyde – used in the production of wood panel products and chemicals, and acetic acid – used in paints and additives. However, we are seeing methanol being used more and more in emerging energy applications. Today, already more than 20 per cent of demand for methanol is related to producing energy products.

And this is the new paradigm. As gas prices and energy demand continue to soar, so will the importance of methanol as a carrier of energy. Let me explain what I mean by a "carrier" of energy: As I mentioned, methanol is a liquid. Transforming the natural gas into methanol allows it to be readily transported to markets that are short on energy, at lower cost. Methanol's high energy content, its clean burning attributes and engine enhancing properties make it an attractive transportation fuel and a source of power generation. An alcohol, methanol can be blended with gasoline, or used on its own to power vehicles. In addition, methanol's competitive price makes it an attractive alternative energy solution.

But that is not all. Methanol is also used to produce derivatives such as dimethyl ether – or DME – a clean-burning alternative to liquefied petroleum gas, as well as liquefied natural gas, diesel and gasoline. DME can readily be blended with propane for use in heating and cooking in homes in developing nations. DME's attractive price relative to Liquefied Petroleum Gas (LPG) is creating opportunities for many to reduce their reliance on oil and provide heat and power at a lower cost.

And this is only part of methanol's energy portfolio applications. Methanol can also be used to fuel specially designed turbines to produce cheaper electricity, produce hydrogen to supply the refining industry, and as a catalyst for the production of biodiesel, one of the fastest growing new-use applications for methanol.

These energy solutions methanol brings to the market appear particularly relevant at a time when energy issues dominate the headlines. Oil prices are on people's minds and the Asia Pacific region is no exception. With its huge population and continuous economic growth, pressure is on the energy supply side and methanol fuel consumption is increasing very rapidly in China. As a global leader in the production and distribution of methanol, Methanex is applying its industry knowledge and expertise to help the region find solutions to its growing energy concerns.

It is an exciting time to be working in the methanol industry. We see methanol as providing part of the solution to the energy challenges that face Asia and China in particular. China is having a profound impact on the global methanol industry. Today, China is both the largest producer and consumer of methanol and is taking a lead in the commercialization of methanol as a clean, alternative fuel.

In November 2006, Methanex took a 20 per cent stake in a joint venture DME project outside Shanghai and has agreed to supply 300,000 tonnes of methanol feedstock per year to the facility towards the production of DME. And this is only the beginning! We plan to continue to contribute our industry experience and expertise to cooperate with industry stakeholders for the development of methanol as a source of clean energy in China.

Allow me now to talk about the city that is so dear to us all here today: Hong Kong. In February 2006, in order to better serve our Asia Pacific customers, Methanex officially opened its new Asia Pacific Marketing and Logistics headquarters in Hong Kong. Our Hong Kong office, which currently employs 22 employees, oversees our Asia Pacific activities and provides direction to our offices in Shanghai, Tokyo and Seoul.

This move came to be as Asia Pacific countries account for about 30 per cent of our overall sales and we expect that percentage to climb in coming years. In particular, China represents an impressive growth market for methanol demand. In fact, we expect China to surpass the United States as the largest market for methanol within the next few years.

Hong Kong is a large part of our commitment to the customers in Asia. In addition to having the greatest concentration of corporate headquarters in the Asia-Pacific region, Hong Kong's dedication to the Rule of Law, its free market economy, and its strong belief in the benefits of international trade provide a well developed business infrastructure and access to talented professionals.

Hong Kong is also well served by dynamic learning centers such as the Hong Kong University of Science and Technology. Methanex recruits interns from the University's world renowned MBA program and has offered graduates subsequent employment.

It is a great place to live and a convenient location from which to deepen our customer relationships and grow our business in Asia. This makes it easier to attract talent. And this was important in relocating employees back in 2006. We also wanted a location where Methanex employees from all regions of the world could feel comfortable.

Hong Kong is frequently described as a place where east meets west and this is reflected in its inhabitants, its economic infrastructure, education system and culture. It brings the best of both worlds together: one of the most business-friendly and stable regions in the world and easy access to the biggest consumer market on the planet.

Of course, doing business in the Asia Pacific region has its challenges. There remains uncertainty surrounding government policy in the area of energy subsidies, which has an impact on the investment climate. The infrastructure system that allows us to move our product within the region – mainly railways and waterways – needs improvement. Finally, laws and regulations vary from country to country, and from region to region. Health, safety and environmental standards are often insufficient or absent and enforcement mechanisms are wanting. We hold ourselves to the highest standards and that is why Methanex always goes beyond what is required to put our stakeholders' well-being first.

Everywhere it operates Methanex has always adhered to the Responsible Care® ethic, and promoted health, safety and environmental best practices. Developed by the Canadian Chemical Producers' Association (CCPA), Responsible Care® forms the umbrella under which we manage all our health & safety, environmental, security and community programs. This translates into a corporate commitment to improve the health and safety management systems at all our locations. This also translates into a commitment to reduce the environmental impact of our operations in every country in which we operate. Finally, Responsible Care® principles guide us to safely make and deliver the highest quality product to customers around the world and improve the quality of life in the communities where we live and do business.

For example, in Asia Pacific, Methanex employees work actively with local terminal operators, business partners and customers to achieve the highest standards of safety across the supply chain. We conduct regular methanol safety training seminars for stakeholders and produce updated methanol safety information, which is shared with customers and business partners. At a time when product safety is under scrutiny in China, we share everyone's concern and are determined to remain leaders in the field of product stewardship.

Methanex employees are also encouraged to give back to their community through social investment programs. Methanex will match grant partnership programs for individual employees that encourage community fundraising efforts and volunteer activities. Recently, Methanex staff in our Shanghai and Hong Kong offices organized a company donation event to help the people affected by the Sichuan Earthquake in May of this year. Employee contributions were matched 100 per cent by donations from the corporation.

In mid-October, Methanex will also be announcing the establishment of a Scholarship Program in collaboration with Taiyuan University of Technology, located in Shanxi Province. The scholarships will aim to reward academic excellence as well as provide a learning opportunity to students in need.

In May 2008, Methanex became a founding signatory member of the Association of International Chemical Manufacturers' (AICM) Responsible Care® Manifesto. This Manifesto demonstrates the commitment of Methanex and other AICM members to promote Responsible Care in China and represents yet another step for us to grow our Social Responsibility presence in China. This endeavour will provide Methanex with the opportunity to work hand in hand with Chinese chemical industry associations and companies to share Responsible Care best practices and spread the implementation of Responsible Care as broadly as possible through the related supply chain in China.

These are just some ways for Methanex to continue to grow, prosper and evolve while maintaining our commitment and responsibilities to our stakeholders, which include both our shareholders and the people that live and work in the communities where we operate. We do this because it makes good business sense, of course. And, we do this because it is the right thing to do.

Thank you.