



*“A World of Plastics Information”*

**Part news. Part views.**

**DECEMBER 2013**

15<sup>TH</sup> YEAR Begins

ISSUE # 180

Dear Colleague:

**Recovery reverberates rapidly re: recession...longest sustaining economic setback bouncing back but remains.** When the history of the second decade of the 21<sup>st</sup> century is written, the inertia of the recovery from “The Great Recession” will be epic. No end is in sight for return to “usual growth” and in fact the pernicious global slowing and unemployment (over 20% in some Euro Zone countries) weigh heavily as the globe emulates Japan’s stagflation in this past decade. Is this the new normal? ...we think so - and planning for single digit revenue and profit results should affect outcomes for the balance of the 2013-2019 era.

**TRENDS:** In coming years, more cities will ban most tractor-trailers from downtown and other high traffic areas...adding costs to LTL shipments. Factory floors are going wireless...controlling production machinery which becomes highly cost effective...productivity advancements move on! Global economic recovery remains fragile as some Euro Zone countries, especially Greece, Italy, Spain and Portugal, remain tentative...could take the balance of this decade to return to “normal” metrics - think Japan. U.S exports remain flat...also a dampening effect. Industrial metal prices are trending modestly higher...copper, aluminum and steel will cost more, but nickel prices, a component of stainless steel (and thus competitive to plastic replacement), will stay flat. Blazing fast wireless is on its way. ...again increasing business productivity daily. Manufacturing sectors in North America, Europe and China are showing factory output at 2 year highs...augers well for our industry especially for MRO products and markets. A new way for small and medium size businesses to make use of data...buy a supercomputer time share from IBM, one company offering this service, sure to soar over the next few years. China’s Tianhe-2 supercomputer offers speeds of 33 petaflops (quadrillions of calculations) per second.

**OUTLOOK EUROPE: by Ralph Ammann, Euro Zone correspondent in Germany**

The last report of 2013 starts with news from German-based Röchling Group. Röchling Sustaplast KG, Lahnstein, Germany, is now offering – as the very first manufacturer – semi-finished extruded products made of flame-retardant polyamide 6 (PA 6). This newly developed material, which meets the relevant requirements of the new European Rail Vehicle Standard DIN EN 45545-2:2013, facilitates production of large-sized machined components and component parts in small piece numbers. With the development of Sustamid 6 FR, Röchling has found a way to extrude flame-retardant polyamide 6 and offers round rods with diameters from 10 to 100 mm and 3,000 mm length. Flat bars are also available with the dimensions 620 mm x 3,000 mm, 8 to 60 mm strength. Dimensions even exceeding that can also be produced on demand. These involve applications especially in passenger transportation, such as rail-vehicle construction, the aerospace industry, or shipbuilding. Yet the profile of characteristics also offers new potential and possibilities for application in mining, the electrical industry or in public buildings. Elsewhere, Swiss-based EMS-Grivory also has extended its product range. Based on the success achieved with glass-fiber

reinforced Grilamid L FWA polyamide 12 (PA12) grades, the company expands its range of FWA products for use in direct contact with drinking water and foodstuffs. Grilamid L FWA products are particularly suitable for the replacement of brass or other metal alloys in sanitary fittings, irrigation systems, swimming pool or filtration components as well as elements in municipal water & gas supply lines. The new PA12 FWA products include one 15% glass-filled grade, two unreinforced grades and one glass-bead reinforced grade. Grilamid L FWA products are characterized by their very low water absorption, excellent hydrolysis and chemical resistance, their good balance of strength and impact resistance and their very broad processing window. Key target components for Grilamid L 20H FWA are parts with moderate stress levels requiring strong chemical and hydrolysis resistance, internal parts, moving parts subject to friction with a polymer or metal counter-element.

#### **OUTLOOK ASIA ...by Mal Binnie, Pacific Rim correspondent in Sawtell, Australia**

Activity in the Australian market is starting to slow down prior to the summer holidays and Christmas. The cost of plastics imports has again risen with the \$Aus down to 0.91 to the \$US. The Reserve Bank of Australia has held interest rates steady at 2.5% but indicated that further falls may be considered in 2014. Manufacturing activity continues to struggle but the new Liberal Government has given a boost to confidence. The Australian PMI fell for the first time in 3 months to 47.7 down by 5.4 in November. Although Australia is losing manufacturers and plastics users such as Ford and Electrolux confidence in the future of manufacturing growth continues high. Benefits for the industry from the K Show appear to be limited although distributors such as Plastral and Cut to Size Plastics report very profitable discussions with their major supply partners. New products that will be introduced in Australia by Plastral include Simona's PE 100 Twinwall sheet and Simowood made from Resipta, a bio-plastic containing rice husks and other natural products. Arcor is still awaiting approval of its acquisition of Detmold Flexibles. They have announced their intention to merge Detmold with their Flexible Asia Pacific Division. On December 5 the public offering of Pact Group Holding will open in the Australian share market. Pact has 57 plants in Australia and New Zealand and others in China, Thailand and Philippines. Custom Mould Plastics bought Tridonic Manufacturing... both companies are located in Melbourne. Mulford Plastics confirmed the sale of their Engineering Plastics in NZ to Challenge Partners, a Private Equity business based in Auckland. Mulford Engineering Plastics Ltd was, prior to its acquisition by Mulford Plastics in 2006, well known as Ludowici Engineering Plastics. Ian Grant MD of Mulford Plastics confirmed that the Company will now increase its focus on the key markets of signage, printing, fabrication, packaging, POP and thermoforming. NZ plastics manufacturer Sistema has invested \$NZ6million in new machinery to diversify their product range and produce heavy duty storage containers.

China's plastics industry is currently marking time with a rebound still awaited. The PMI for November has been reported at 50.4 with October confirmed at 50.9. The future still reflects uncertainty but there is very little inflationary pressure which should allow the Government to keep their policies supporting growth in the industry. US private equity firm TPG Capital is encouraging the growth of its cosmetic packaging molder HCP Holdings in Suzhou China. Solvay SA and Shanghai 3F(SH3F) intend to produce TFE and PTFE out of a new facility in Changsu, China. Lighter cars are claimed to be a key strategy for the Chinese market and delegates at the International Auto Lightweight Plastics Forum in Shanghai were encouraged to pressure the Government and also to cooperate to replace metals with the many plastics available today. Canadian supplier Magna International plans to generate a 400% increase in revenue during the next 6 years. Magna employs 9200 people in China. Chongqing Yanfeng Johnson Controls is opening a plant in Chengdu for parts for Volvo.

TO ALL OUR READERS MY BEST WISHES FOR CHRISTMAS  
AND A HAPPY AND PROSPEROUS NEW YEAR

#### **OUTLOOK INDIA ...by S. Randakrishnan, Group Editor, Popular Plastics & Packaging, Mumbai, India.**

**Editors Note:** At press time this annual report on the Indian Plastics Industry was still a work in progress and will be presented in the January, 2014 issue.

## **PRICING:**

Once again prices remain stable, with some exceptions, notably PE and PS, which were up single digits in November...PP prices are down incrementally. HPM and EPM prices remained stable as has been the trend for the past five years and are expected to remain so into 2014.

## **MANUFACTURER/DISTRIBUTOR BRIEFS:**

Ticona Engineering Materials will become Celanese Engineering Polymers (again), with its Celcon co-polymer acetal and GUR UHMW-PE brand names unchanged. Additionally, Celanese expands POM capacity in Asia and Middle East, with plants in Malaysia, Korea, and Saudi Arabia. SABIC Polymers shapes announces the departure of long time (9+ years) leader Pete Arvan...permanent replacement not announced at press time, but Rick Gough appointed on interim basis. International Plastics (originating from Transilwrap – see below) moves from Seattle, WA to St. Charles, MO. SABIC Innovative Plastics adds major technology investments at its Mt. Vernon, IN resin and sheet plant, reducing energy use and improving sustainability. Also provides Lexan BIPV panels for solar energy use in Solar Decathlon China 2013.

## **MERGERS, ACQUISITIONS, ALLIANCES, EXPANSIONS AND DIVESTITURES:**

Solvay and Shanghai 3F announce JV to produce TFE and PTFE polymers in Shangshu, China by 2015. Rowmark acquired by PE firm Bertram Capital. Styrolution and Braskem form JV to produce ABS at a plant in Brazil. Dow Chemical sells its PP licensing business to WR Grace. Jordan Co., N. Y. based private equity firm, buys Transilwrap Co., of Franklin Park Illinois; sheet and film extruder and converter with 9 U.S. distribution and manufacturing locations.

## **INDUSTRY INTERVIEWS: ...concluding our interview with Raymond D. Pace, Worldwide Marketing Director, Process Systems Business Unit, Saint-Gobain Performance Plastics.**

*Q. How do you manage all the various and disparate brands such as Tygon; Chemplast \_\_\_; Acutech; Rulon; Furon; Meldin; Norton \_\_\_ and other 85 or so?*

A. While Saint-Gobain Process Systems continually works to evolve current brands and develop new innovations, our goal is not to provide customers with one-size-fits-all technologies for their unique challenges. Instead, we take a consultative approach to assessing and diagnosing each customer's hurdle with a solution that can be modified to meet their specific needs. Our range of innovations allows our engineers to cross-pollinate materials, drawing from our existing portfolio to build a solution just for them – a solution that helps to meet their manufacturing goals while also complying with industry regulations – and in some cases – anticipating future regulations.

*Q. Which of your target markets such as aerospace; auto; electronics; energy; habitat; industrial and life sciences represents the greatest growth for the balance of this decade?*

A. It is currently Saint-Gobain's policy that we cannot share these details.

*Q. What is the relative revenue mix of your three main business groups, i.e. Fluid Systems; Engineered Components and Composites? What about the product line?*

A. It is currently Saint-Gobain's policy that we cannot share these details.

*Q. Who do consider your major competitors?*

A. It is currently Saint-Gobain's policy that we cannot share these details.

*Q. How does your business, as a component of the Innovative Materials business sector, rank within Saint-Gobain's other 4 business sectors?*

A. It is currently Saint-Gobain's policy that we cannot share these details.

*Q. What are your hiring plans for next year?*

A. To continue on our path to innovation, Saint-Gobain Process Systems is always on the lookout for strategic problem-solvers who can offer our customers a fresh perspective and expert consultation to drive their business forward.

*Q. What advice would you give to a new sales engineer entering our industry in 2013?*

A. We always tell our own engineers and consultants to, first and foremost, listen to customers. The first step to successfully assessing and resolving a challenge is to fully understand it. Additionally, it is important that they approach challenges with an open mind. No component is too small to make a difference in the overall efficiency, integrity or sustainability of a manufacturing operation – no matter the industry. With precision engineering and a consultative approach, these well-designed components can have a large impact on a customer's product or line – as well as their bottom line.

*Thank you.*



Dear Colleague and Subscriber:

**Editors Note:**

I have spent over 50 years in the plastics shapes business (called sheet, rod, tube and film when I started in the 1960's) and more recently spent 15 years editing and publishing a chronicle of this multi-billion dollar global industry, called *The Global Plastics Letter*.

As I enter my eighth decade on this globe, I will be moving on to my next challenge in this industry...one that involves consulting about our industry and editing a publication containing all the company names and brands used in our industry over the past 75 years. Moreover, I will stay involved with publishing the observations, forecasts and trends of our industry.

So I have decided to change the publication dates of **THE GLOBAL PLASTICS LETTER** from a monthly publication to a **bi-monthly basis**, effective January 1, 2014 and will extend all subscriptions by one year.

Additionally, I have made arrangements for **MODERN DISTRIBUTION MANAGEMENT (MDM)**, the newsletter for wholesale distribution executives, published twice a month, to offer special subscription rates for subscribers of **THE GLOBAL PLASTICS LETTER**. New subscribers, through Jan. 31, 2014, can save 20% on first term subscriptions to MDM, a twice-monthly newsletter and website offering analysis of trends and best practices across distribution sectors. Visit: [www.mdm.com/subscriptions](http://www.mdm.com/subscriptions) to learn more or [www.mdm.com](http://www.mdm.com) to explore the publication's content. Call Editor Lindsay Konzak at 888-742-5060 with any questions. I urge you to consider the opportunity to continue to benefit from "information as power" by following the important information offered by MDM as a preferred subscriber. If you are interested in subscribing to MDM, email me personally at: [mel@globalplasticsletter.com](mailto:mel@globalplasticsletter.com)

Thank you all for your many years of encouragement, support, loyalty and mutual respect. It has been an honor and privilege to speak to you through the pages of our newsletter, which offered "**A World of Plastics Information**" during its past 180 issue duration. I look forward to communicating with you in this way throughout 2014.

**Our best wishes to all our subscribers for a safe and happy Holiday Season.  
May next year bring good health, prosperity, peace and new beginnings!**

Sincerely,

Mel Ettenson  
Editor and Publisher

*Information contained in this newsletter has been taken from trade and statistical sources that we consider reliable but we cannot assure its accuracy or completeness. Any opinions expressed reflect our judgement as of this date and are subject to change.*

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