



# GLOBAL PLASTICS LETTER

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*“A World of Plastics Information”*

**Part news. Part views.**

JANUARY 2013  
14th Year, Second Century  
Happy New Year!

Dear Colleague:

Fiscal folly functions finally fixed? What is playing out on the global economic platform is the inevitable comparisons with the 2007-2009 “great recession” and subsequent slow recovery versus the Euro Zone debt crisis of the 2010-2013 time period, and how all nations can cope. Keynesian theory believers, on one hand, are advocating further government spending, based on how the world dealt with the depression, while conservative governments continue to press for lower deficits and budget cutting. Which theory works will determine the course of business, and our industry, for the balance of this decade of the 21<sup>st</sup> century. Look for GDP growth of slightly better than 2% in 2013 in N. America, although only 0.5% in Europe and higher in Asia. Expect oil to be in \$95-\$105 a barrel this year despite U.S. production at a 20 year high; just behind Russia and Saudi Arabia. Technology advances this year will continue to focus on smart phones which will function as personal assistants in business and feature foldable screens. Interest rates should remain at historic low levels, both short term and long term, although the latter could rise slightly as the economy improves and inflation prospects rise as well.

#### TRENDS:

One of the most critical issues that our industry is facing in 2013 is the availability of capital to fund R & D and new product applications, considering the hoarding of capital by corporations and banks carrying over this year due to fiscal uncertainties globally. This will slow the development by both resin manufacturers and shapes convertors, of materials for NEW applications to replace metals, glass and rubber, the key component of NEW plastic distributor business. Check out *Statistical Abstract of the U.S. 2012* – contains almost 1000 pages and 1406 tables of almost every imaginable type of information and business data

#### OUTLOOK EUROPE: by Ralph Ammann, our Eurozone correspondent in Germany.

The January report starts with news from Quadrant Engineering Plastic Products (EPP). The company has launched their advanced PTFE Fluorosint 135. The material is said to be engineered for superior performance and value. It can be used at temperatures up to 232°C. Tests conducted indicate an advantage in CLTE, COF and deformation under load of over 30 to 50 percent. These properties provide a major improvement compared to other filled PTFEs on the market, and create significant advantage in enhancing part performance and increasing part life. The extreme chemical inertness of Fluorosint 135 protects components and reduces the risk of malfunction due to corrosive chemical attacks. This makes it ideal for chemical processing applications, as well as more general fluid processing environments. Fluorosint 135 is designed to improve the performance of compressor piston rings, rider bands, and packing seals, used in pump, valve and compressor wear parts. Available in a wide range of rod, tube, and sheet sizes, the new material enhances QPlas’ product application efforts. Elsewhere, BASF increased its capacity for Ultramid B (polyamide 6) film product materials at its Ludwigshafen Verbund site by 21,000 metric tons per year in December 2012. “This capacity increase reflects our customers’ growing demand for sophisticated polymer applications in the area of flexible film food packaging” explained Hermann Althoff, head of the Polyamide and Intermediates global business unit at BASF. “With this new capacity for high-end

polyamides we are able to support the application innovations and film production efficiency of our customers even better". The group operates Ultramid B (polyamide 6) polymerization plants in Ludwigshafen (Germany), Antwerp (Belgium), Freeport (USA) and Sao Paulo (Brazil). The production of polyamide 6 for film, textile and carpet fiber as well as for engineering plastics applications is integrated into BASF's global Verbund structure with polyamide intermediates (i.e. adipic acid, anolon, caprolactam), chemical raw materials (i.e. ammonia, cyclohexane, sulfuric acid), energy, by-product recovery, logistics and other services.

Unicor, German producer of corrugated pipe extrusion facilities, presented for the first time its new corrugator, the UC 210. With its diameter range from 32 mm i.d. to 200 mm o.d., the UC 210 covers a range of pipe sizes in the medium pipe segment as often requested by many pipe manufacturers. The new machine produces single and double-walled corrugated pipe for all applications from technical pipes to drainpipes. For instance, the demonstrated output per hour is 1000 kg for PVC and 900 kg for HDPE. The maximum mechanical speed of the corrugator is 35 m/min. Finally, one year after its ground breaking, Ensinger has opened its new subsidiary in Leszno, Poland. The new plant is the headquarters of Ensinger Polska sp. z o.o., Polish sister company of the German-based manufacturer of semifinished products employs there and at the second plant in Sosnowiec; all together 40 people.

### **INDIA TODAY: by S. Radhakrishnan, special correspondent in Mumbai, India**

Sabic has reported plans to invest more than \$100 million in a Technology & Innovation Center at Bangalore. The center which opens in 2013, would focus primarily on diverse areas of research in chemistry, material science, process engineering, analytical and application technology. Its aim is to support business as a strategic center of excellence to cater to global and regional needs. This center will house more than 250 research scientists and 50 commercial team members.

Gerresheimer AG, a German company, recently announced that it had acquired 75 per cent stake in the Delhi-based Triveni Polymers for an undisclosed amount. The owners retain 25 per cent of the shares and the management under the current managing director Subodh Gupta will continue. Triveni Polymers is a leading producer of pharmaceutical plastic packaging film with more than 300 employees and a plant in Kundli (Haryana). Triveni's special product portfolio ideally complements Gerresheimer's plastic packaging range.

Reliance Industries has acquired BP Plc's Malaysian petrochemical oil and gas processing plant in Kuantan (Malaysia) for \$230 million, It is bullish about its prospects in the Southeast Asian nation. The Indian company is keen to invest more capital in Malaysia to explore new domains, along with the petrochemical sector.

Despite global economic downturn, India is set to achieve its growth targets for plastic exports as shipments have improved to some of the existing and new markets, industry officials said. "We are confident of achieving 15 per cent growth target this year from last year's exports of \$7.1 billion which was 2.3 per cent of India's total exports," said Rajan Kalyanpur, Executive Director, Plastic Export Promotion Council, speaking to this correspondent. He said new markets in Africa and South America offered growth opportunities for Indian plastic exporters. Plastic machinery from India was also in demand in these markets, he said. The growth in exports was being contributed by plastic sheets, films, sacks, bags and other moulded products. Writing instruments, medical disposables, tubes, pipes and fittings have also contributed to this growth, Mr. Kalyanpur said.

The Society of Plastics Engineers' first Antec conference in India was a success -- and the association plans to come back in 2014. This is the first time that Antec traveled outside North America in its seven decades of existence. The Dec. 6-7 event drew about 450 delegates, and 178 papers were presented.

Germany-based Geiss AG has appointed a representative in India with office in Hyderabad. The company designs and manufactures thermoforming machines, CNC trimming machines and tooling for tooling vacuum forming. The company has sold six thermoforming machines in the transport sector in India and their target is to deliver five machines in 2013 and are targeting to sell 10 machines annually in the next couple of years.

Dutch speciality chemicals distributor, IMCD Group, has entered a new distribution partnership with Turkey's Elastron Kimya for their medical range of TPE-S and TPE-V compounds to cater to Indian markets. This agreement covers applications such as rubber closures and syringes, as well as a selected range of pharmaceutical and healthcare applications.

The Plastindia Foundation in collaboration with the University of Massachusetts Lowell (USA) and University of Wisconsin-Madison (USA) is setting up the Plastindia International University (PIU) at Vapi in Gujarat. The initiative aims to develop a world class facility to develop skilled manpower for the plastics industry. PIU will be the first institution in India which will teach polymer technology from concept to commercialization . Plastindia

Foundation is the apex body of major associations, organizations, and institutions connected with plastics, with common objectives to promote the development of plastics industry.

#### **OUTLOOK ASIA: by Mal Binnie, our Pacific Rim correspondent in Sydney, Australia**

Happy New Year to all our readers both in the Pacific and Globally. Chinese New Year, Year of the Snake, starts Saturday 9th February 2013 through Thursday 14th February. The Australian Labour Government will face an election during the 3rd qtr of this year and all signs point to a change of Government. The effect of the USA fiscal cliff has been blamed by the Australian Treasurer as the reason for Australia to be in deficit. However the \$Aus continues its strength at 1.04 to the \$US. Adrian Fleming MD Kodak Australia has been elected President of the Graphic Arts Merchants Assoc (GAMAA) with Brett Maisham as VP. It has announced its intention to form an Anti Dumping Commission to protect the manufacturing industries. PVC continues to be a target for Australian Customs investigations against South Korea, Japan and USA. Relationships with India are still a high priority for the Australian Government so that local manufacturing can take advantage of the opportunities in the region. Teijin Ltd Tokyo announced the start up of its plant to produce carbon fiber reinforced thermoplastics (CFRTP). The goal is to further reduce weight in Automobiles. Moriroku Group is investing further in plants in the USA for parts for Honda Motors. Chinese automakers want to improve their styling and quality and in many cases have hired design experts from overseas. These designers are introducing models that include greater use of plastic materials. To further expand the use of plastics, the International Auto Lightweight Technology Alliance are working to increase the average weight of plastics in Chinese vehicles from 50kg towards the western average of 130/180kgs per vehicle. One of Chinas largest auto makers Dong Feng Motor Corp has noted there are still opportunities for large improvements. Pricing for ABS in Asia has fallen due to current poor demand since July 2012. PVC maker Sichuan Jinlu Grp is reported to be actively working to ensure a return to profitability. National holiday arrangements have been announced by the State Council and as well as New Year dates for non working days include Tomb Sweeping, Labor Day, Dragon Boat, Mid Autumn and National Day are all legislated. Yunsu Film Ind.Co Ltd has added a 3 layer line to make BOPP film, total capacity 40000MT/Yr. A subsidiary of Textron Inc, Kautex has opened a 4th plant in Chongqing for plastic fuel tanks. Battenfield has confirmed the sale of 24 extrusion lines to add to Wuhui Anhui's production of window profiles. Chinas machinery industry continues to improve its quality and with prices approx. 30% of imported machines there is adequate opportunity for improving quality, speed and reliability. In HongKong, Chen Hsong Grp announced the manufacture of a 4500MT injection molding machine. Lanxess, China, was awarded top employer for its HR practices. Wanxiang Group is reported to be acquiring the assets of A123 Systems, the lithium-ion battery company. Companies operating in Vietnam are finding the economic downturn difficult to handle, but companies who are exporting from Vietnam are still taking advantage of the low cost structure.

#### **PRICING:**

Benzene prices have risen, affecting PS and PE, PP which have increased. PVC resin is up in Europe, although long term prospects for 2013 are for stable to soft pricing. ETP's look to be steady, some selected increases in the HPM sector. Bottom line...continued non-inflationary.

#### **MANUFACTURER/DISTRIBUTOR BRIEFS:**

Altuglas Intl. and NatureWorks develop bio-based, high performance PMMA alloys marketed as Plexiglas®/ Altuglas® Rnew™ biopolymer. Impact modified, said to approach PC and PETG in performance. SABIC IP introduces PC automotive glazing in Fiat rear fixed side windows. Also their Lexan® Thermoclick™ 50mm sheet is used in Houston soccer stadium as entrance façade...supplied by AmeriLux Intl. Ticona and Delo develop high performance adhesive for Vectra® LCP – withstands 500 degree F temperatures during bonding.

**In Memorium... Jerry Trokey, 76, long time Plaskolite, Inc. employee (with KSH previously) – passed away Dec. 14, 2012 after a short illness. A great and memorable man.**

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

Plaskolite, Inc. acquires Pexco LLC, thermoplastics sheet and profile extruder, which has 10 plants in the U.S. and Mexico – was formerly unit of Southern Plastics. Polyone buys Glasforms, processor of fiber reinforced advanced composite technology, for \$34 million. Saint-Gobain Performance Plastics buys Twin Bay Medical, manufacturer of medical grade tube fittings. Curbell Plastics buys American Plastics, distributor and Waggoner Plastics, fabricator, both Texas based. Gamrat, Polish sheet and pipe manufacturer has acquired Devorex of Bulgaria, pipe systems maker.

**INDUSTRY INTERVIEWS: Koko Andrews, National Sales Manager, Regal Plastic Supply**

Koko, 65, lives in Evansville Indiana with his wife of 43 years. His family includes 2 children and 2 grandchildren. He began his plastics career with Meyer Plastics and subsequently with Laird Plastics. He joined Regal Plastic Supply in 1999 in Nashville TN and subsequently in Kansas City MO. We interviewed Koko at his office in Evansville by phone and email.

*Q. Trace for us the history and evolution of Regal Plastics and Regal Plastics Supply – what’s the difference in the company’s other than the slight variation in the name?*

A. Regal Plastic Supply was started in Kansas City, MO. in 1954 by Mr. Joe Slavik and expanded from there into a group of four ownerships with multi branch locations. Currently there are three ownership groups with multiple branches across the United States. All locations do some type of fabrication processes of plastic products and all locations are full line Distributors. The Kansas City group also converts and distributes film products from four locations across the United States under the name of Regal Graphics.

*Q. When and how did you start with Regal?*

A. I began my career with Regal Plastic in January, 1999 when I was brought in to help with the Nashville, TN location that was starting to expand into Distribution. At that time my eleven years of plastic distribution experience was helpful in making that branch location a success.

*Q. What do the Regal companies look like today?*

A. Regal Plastic Supply today consists of twelve plastic sheet, rod, and tube full line distribution facilities, all doing some type of fabrication process to plastics, one full line plastic fabrication facility, four film conversion facilities with the corporate office in Kansas City, MO. Regal Plastics has five locations in Texas and there are two locations in Louisiana. The corporate for Texas is in Dallas and for Louisiana is in Shreveport.

*Q. What’s the history of Fabrication in our industry? Did Distribution or Fabrication come first? What is today’s mix? Future?*

A. Plastic Fabrication is how some Distributors started in business, then as their plastic usage increased the manufactures began to sell them material to distribute to other customers that required no fabrication too the material. I believe the mix today for the average distributor would average out to be about twenty-eight percent of their business is fabrication and seventy-two percent Distribution. More and more distributors are offering customers value added fabrication services because the end users do not need the fabrication processes all the time, so there is no need for the end user to invest in the major cost of equipment and training people, that is where the distributor steps in to do the work. With margins shrinking on material sales due to more and more distribution, distributors must sell value added services in fabrication to stay in business, I believe you will see more and more of this in the future.

*Q. Tell us about Regal Plastic Supply?*

A. We are a family owned company that has grown in the plastic distribution business by having innovative, entrepreneur, dedicated type people who have great business ethics. Our ownership group see’s the value in great people and allows them the opportunity to grow there branch locations, this has always been the most effective way for us to grow as a company.

*Q. What was the effect of welcoming Distributor members to IAPD?*

A. IAPD has always been a way to meet the competition as equals and discuss the ever growing problems of running a business in group discussions. There are many values to IAPD that many distributors don’t see on a day to day basis and many distributors don’t use all the tools IAPD has to offer. I feel welcoming Distributor members to IAPD will strengthen the organization and help everyone understand the industry better.

**...to be continued in the February 2013 issue.**

*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.*