



“A World of Plastics Information”

Part news. Part views.

MARCH 2013
14th year, 2nd century

Dear Colleague:

Austerity actually arriving? Averting another aneurism? As this issue goes to press the global economic debate continues, especially in the EuroZone and the U.S., as to the long term wisdom of increasing government spending vs cutting back all spending via austerity measures. Cut or spend to sustain economic growth? The results of either macroeconomic initiative unfortunately won't be known until it is too late to gauge its effects. U.S. manufacturing is expected to grow about 2% this year with even more gains in 2014-15 as demand for product accelerates. Productivity is rising; automation will keep downward pressure on factory wages; energy costs have fallen and interest rates are low.

Emerging markets, such as China, Brazil and India, will account for 55% of global construction by 2020. U.S. firms such as Flour, KBR, Bechtel and Foster Wheeler will benefit and thus should be targets for our industry. On the tech front, the advent of near field communications (NFC) will allow peer-to-peer sharing so two NFC –enabled phones can swap info, compare prices and inventory status and shipping options... could be another evolution in plastics distribution by 2020 and beyond.

TRENDS:

Abundant shale energy resources, producing huge amounts of low cost natural gas, are resulting in significant quantities of ethylene supply, thus lowering North American prices for this petrochemical building block affecting our industry positively. This reduces dependency on oil for olefins producers and alters the supply-demand cycle, resulting in long term anti-inflationary pricing.

OUTLOOK EUROPE: by Ralph Ammann, our special EuroZone correspondent in Germany

Good news for users of CDT and polyamide 12. As recently as ten months after the fire in Evonik Industries' cyclododecatriene (CDT) plant, CDT-based Vestamid products and its precursors are available once again without limitations, thus force majeure ceased. The Vestamid grades based on CDT as a raw material are thus available again in full quantities. Reconstruction to the CDT plant was begun in June, followed by its mechanical completion in November. CDT is a raw material for producing polyamide 12, which is used by the automobile industry.

Russian Polyplastic Group, CIS market leader in plastics processing, has signed an agreement to acquire full ownership of Radius Systems Limited, a leading UK pipe producer, and all its subsidiary companies for an undisclosed sum. In 2012, the new member of the group generated net sales of over 100 MEUR and employed 370 people at their three facilities in Hilcote, Derbyshire, Banbridge and Lurgan (both in Northern Ireland). According to the new owner, the acquisition also includes the field services subsidiary Radius PLUS Limited. Additionally, Invista has started production at its new, polyamide salt plant, an expansion of the company's polymer facility in Rozenburg, the Netherlands. The expanded site will serve the company's European plastic customers through its integrated supply chain. "The addition of a salt facility in Rozenburg will provide our customers a security of upstream, local supply, while further improving our responsiveness to market needs," said Kurt Burmeister, executive vice president Engineering Polymers. "With our ability to produce salt, polymer and compounded products in our own European facilities, Invista can develop new products to meet those needs." The company's Engineering Polymers business provides reinforced and unreinforced polyamide polymer under its Torzen brand to plastics manufacturers. The business recently acquired a polyamide compounding and recycling facility in Born, the Netherlands.

Last but not least, with its "Engineering Plastics" manual, German-based manufacturer Ensinger has published a reference work collating specialist knowledge from every aspect of plastics processing. Encompassing 100 pages, the new manual contains many times the information of its predecessor and looks at the latest new developments. The manual starts with an overview and direct comparison of materials based on their most important properties, modifications and fields of application. A colour-coded index links this introduction to more detailed information. In the chapters on material selection and further processing, users are provided with the facts they will need for the construction of components or for machining semi-finished materials. "Engineering Plastics – The Manual" is available immediately in printed and digital form in German and English. The PDF is available as a download on the Ensinger website: www.ensinger-online.com/en/downloads/brochures

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

The Australian economy appears to be facing some difficulties this year. In one day three major Companies announced the reduction of 1200 jobs, the Australian Industry Groups annual outlook survey reported that 52% of CEO's expect general business conditions to deteriorate in 2013 and another 30% expect no improvements/change over 2012 which was a tough year. With the election campaign by the Government already in full swing, but with 6 months still to run business leaders expect the politicians to commit to agendas that build long term drivers for growth and prosperity. Project Engraving and Digital have expanded into South Australia and Ross Taarnby is playing a key role. Ken Girdlestone, National Product Mgr Engineering for Plastral Pty Ltd has advised that during this month's activities including customer/engineer visits, seminar for ANZ Plastic Fabrication Assoc, attendance at Partec Brisbane, Society of Plastics Engineers plus DVS Welding and tank designer training. Simona GmbH have Dr. Uwe Gleiter and Mathias Conrad from their Kirn Technical Centre visiting Australia to participate with Plastral. Other visitors earlier this year to support the Australian plastics industry and Plastral were Dirk Nussgen from Gehr and Nick Kraguljac, ZellMetall, Austria. The goal of a nationally streamlined set of regulations for the plastic and chemical industries appears to be fading and the Federal Government does not appear to be now supporting this effort. Geon Group are now under administration and many Australian companies will be impacted. During last month a key person was lost to the industry with the passing of Pat Primmer.

Biopolymer developments continue to expand with Aduro Biopolymers of Hamilton, New Zealand hoping to see its meat based bioplastic called Novatein in commercial use by 2016/2017. This renewable thermoplastic can be moulded or extruded. Also Cardia Bioplastics, Australia has secured an exclusive annual supply contract for its renewable Biohybrid kitchen bags for the City District of Shanghai Pudong, China. Chinese Canadian Wayne Song is reported to claim he is close to using bio composites to develop flexible plastic

panels which could be used in the screens of flat panel TV's. Thailand continues to pursue its plans to become a major hub for the emerging bioplastics industry and will offer incentives to start up companies.

Mitsubishi Chemical is reported to have purchased four plants from Specialty Chemicals major Tessenderlo Group. Toyoda Gosei Co will be manufacturing plastic and rubber components in a new plant in Brazil and Toray Advanced Films Co continue their expansions with the opening of a new plant in Kaohsiung, Taiwan to produce surface protection films. In Tokyo, Plastics Japan will be held April 10 to 12, 2013.

INDIA TODAY; by S. Radhakrishnan, Group Editor, Popular Plastics & Packaging, Mumbai

Indian reinforced plastic industry, after an extremely challenging 2012, is forecast to rebound in several segments in 2013. The Indian demand for fibers, resins, etc. in reinforced thermoplastics is forecast to cross 1 billion pounds by 2018, according to a research report by Composite Insights. Reinforced thermoplastics are forecast to experience faster growth than reinforced thermosets through 2018. Reinforced thermoplastic gains will be aided by the resins' greater design capabilities and easier processing. The transportation segment is expected to remain the leading market through 2018, with demand rising double digits per year. Advances will be boosted by increasing motor vehicle production and growth in the average weight of reinforced plastic material per vehicle. Through 2018, glass fibers will remain the dominant reinforcement material; however, carbon fiber is expected to experience the fastest gains of all reinforcements (albeit from a low base) as prices fall and processing techniques improve.

India is a significant producer and consumer of PET resin. The current manufacturing capacity is estimated at about 680-ktpa, with Reliance Industries Ltd, accounting for 50%. Other producers are Dhunseri Petrochem, which operates a plant in Haldia (West Bengal) and JBF Industries. All three are expanding capacities to meet demand – both local and international – and capacity is likely to more than double to about 1.6-mtpa in the next 3-4 years. About 38% of all beverages sold in the country are now packed in PET, only lower than in recyclable glass bottles (RGB) (49% share).

As a container for packaged water, PET has rapidly overtaken all other forms of packaging and most big brands almost exclusively rely on this material, especially for half and one litre pack sizes. Significantly, the market is showing no sign of slowing and forecasts by industry analysts is for double-digit growth rates to continue for the near future. India Glycols Ltd., is one of the suppliers of bio-MEG to the Coca-Cola's PlantBottle, a partly renewable initiative.

Dhunseri Petrochem headquartered at Kolkata, as a part of its Rs 1300-crore expansion plans, has recently made operational its second PET resin facility at Haldia in West Bengal, at an investment of Rs 400 crore. With four production lines (two each in Haldia and Egypt), Dhunseri is eyeing a turnover of nearly Rs 8,000 crore by the end of next fiscal (2013-14). (The company's turnover was nearly Rs 2000 crore in 2011-12). Meanwhile Dhunseri Petrochem will bring on stream its downstream petrochemicals facility in Egypt by July this year. The Egypt unit is being set up at an estimated investment of nearly Rs 900 crore.

The Indian government is considering allowing units in special economic zones (SEZs) to recycle plastic waste. The Commerce Ministry has drafted a policy which states that import of plastic waste/scrap shall be permitted only as per the approved capacity of the Letter of Approval issued to an SEZ unit. Besides, it said, the type of plastic waste allowed for import for such units in SEZs would be restricted to such type of scrap for which they have the necessary plant and machinery installed for reprocessing within their approved capacity in the letter of approval issued to them. Recycled plastic is used in manufacturing sheets, bags, tarpaulin, agricultural pipes.

Reliance Sibur Elastomers Pvt Ltd, a joint venture between Reliance Industries Ltd (RIL) and Russian gas processing and petrochemicals company SIBUR, recently began construction of its butyl rubber plant in Jamnagar.

PRICING:

PP resin prices jump up again in February, now increased 22% year to date... higher use of natural gas based ethane in other petrochemicals is reported cause. Scheduled additional capacity not expected on stream until 2015. Evonik of Germany, blaming higher upstream costs, raised prices on MMA in Europe and Asia. Bayer MaterialScience increases PC resin prices in Europe.

Lanxess announces price hike for PA 6 and 6.6 compounds, driven by demand in Asia. Benzene demand drives PS higher.

PVC is trending upward. All these first of the year increases may still be tempered by lower demand in the remaining three quarters of 2013.

MANUFACTURER/DISTRIBUTOR BRIEFS:

Bayer MaterialScience sales up single digits in 2012, over 2011... parent Bayer AG expresses confidence in the long term contribution of this important division. Year end (2012) revenue results were 8% higher for PU and 7% lower for PC. A.M. Castle & Co. reported 4Q and total year 2012 sales: Down single digits for entire company, while its Total Plastics unit reported 4Q 2012 sales of \$31.7 million or 8.6% higher, year over year, but unchanged from 3Q 2012. Total's annual sales for 2012 are running at a \$128 million annualized rate. Modern Plastics, CT USA, North American distributor for Evonik's implantable VESTAKEEP® PEEK, receives FDA approval. SABIC IP introduces Lexan® automotive glazing as rear fixed windows on Fiat 500L, replacing glass in weight savings breakthrough. U. S. Plastic debuts online technical support Knowledgebase...innovative web tool at <http://www.usplastic.com>. German distributor Bieglo adds Meldin 7000 polyimide product to its line to enhance metal replacement applications in Europe. Boltaron announces its 4325 transparent CPVC sheet approval by Factory Mutual for flammability in class 4910 clean room applications.

In memorium: Jack Nichols, former President, Cadillac Plastic & Chemical, passed away Feb. 14, 2013, at age 73. He retired from Cadillac in 1995.

MERGERS, ACQUISITIONS, ALLIANCES, DIVESTITURES AND EXPANSIONS:

MSC buys Barnes Distribution NA (distributor of fasteners, fittings and more) for \$550 million (Barnes' revenue was \$1.25 billion estimated), thus creating a mega industrial distributor (\$4 billion estimated revenue) of all MRO supplies (including MSC's plastic shapes lines).

INDUSTRY INTERVIEWS: Editor's note: On the occasion of the European Plastics Distributors Association's (EPDA) 40th anniversary, we arranged, through Susan Avery, CEO, IAPD, who also is the Executive Director of EPDA, for our European special correspondent, Ralph Ammann, to interview Steffen Oellers, immediate past president. Steffen also serves as the EPDA representative on the IAPD board and is with Simona GmbH in Kirn, Germany. David Ladyman of Vink, UK, is the current President of the EPDA.

Unfortunately, this issue went to press just prior to Steffen responding to our interview questions, which will appear in our April 2013 issue. (The first of the 15 questions is reproduced below)

Q. On the occasion of the 40th anniversary of the EPDA this year, when were you aware of EPDA and when did you join?

...to be continued in the April 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.