



*“A World of Plastics Information”*

**Part news. Part views.**

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Dear Colleague:

Prosperity possible with plastics products prognosis profitable. Despite the fact that the EuroZone is slipping into a recession and China's economy is growing slower, North America's economies continue to grow at about a 3% annual rate. As they say “a rising tide lifts all boats (read semi-finished shapes industry)” and thus we have experienced a strong second half 2014, which appears to have the momentum to continue into 2015. Business spending continues to increase (accounts for 16% of GDP) with bargain energy prices, increased demand and available capital contributory. For the chemical industry, the story will be cheap energy. Booming natural gas output is spurring over 200 projects to expand production of methanol and ethylene, (key polymer feedstocks) which are underway impacting our industry. Overall, expect a 6% increase in output.

TRENDS: Use of spoken commands and photos to search the web will grow rapidly. Expect a surge in business productivity from the no-keystroke searches. The shift will change marketing strategies, which now pay search engine firms to cause their results to pop up at the top of the category. Also look for the debut of fifth-generation cell phone networks (5G) with voice and data speeds more than 10 times as fast as today's 4G speeds...what a year in technology looming!

U.S. dollar will strengthen...perhaps as much as 9% against the euro. Mergers and acquisitions will continue to surge with record tie-ups in 2015. Oil prices? ...most forecasters missed the recent decline, but 2015 should see levels close to those at the end of 2014. Next year at this time could see a rising price trend, but predicting oil prices is like guessing at the % of bad debts in A/R. But we'll peg crude at \$85/bbl at December 2014. Geopolitical effects are so volatile...but call us on this prediction.

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

Activity in the Pacific continues to grow and the recent G20 meeting in Brisbane Australia brought the leaders of the world key economies together to develop new agreements and promise growth in the Area. The short term has shown to be limited but the agreements between USA, China and Australia should show opportunities for growth. The Free Trade Agreement (FTA) between Australia and China is predicted to provide major opportunities for the plastics industry both domestically and in export. Although the \$Aus fell to a 4 year low of below \$US0.85 exporters will certainly benefit. Confidence in manufacturing in Australia was measured at 63.71 out of 100 by the Sage Group research. In addition the November PMI rose to 50.1 from October at 49.4. This is the third consecutive monthly improvement in the PMI. The FTA with China will eliminate all tariffs on Australian resource and energy products and help create job opportunities. The FTA is estimated to be worth \$A18 billion to Australia. Quickstep Holdings will join with Vector Composites in the USA, Vector was its US licensee. Quickstep also received a \$A1.76million grant from Geelong (GRIIF) and plans to create an automotive division HQ. Visual Impact Sydney 2014 with a 30% increase in visitors provided good sales/orders and very profitable exhibitors. Signage Accessory Supplier (SAS) has been promoting their Econ, Alco and Alpu-panel

in 54 colours. Cardia Bioplastics is proceeding with a merger with Stellar Films Group. Amcor are expected to make further announcements on expansion plans for plants in Asia in addition to its Philippines plant. They are also reported to be developing their own film to replace the Barex resin which is being discontinued by INEOS. Mulford Plastics have announced significant changes to their ANZ operations. They are reentering the Roofing market after a long absence by purchasing from Bayer the Laserlite brand. They have set up Mulford Building Products to move back into this market throughout Australia and NZ. Stephen Hardy has joined Mulfords to head up this new division. Lorraine Strong is appointed Victorian State Manager for Mulford Plastics Australia and Steve Foley is National Sales Manager for NZ. Steve Baker continues as GM For Mulford Plastics Australia. Finance and Accounting is headed by Richard Titmuss. Activity in the RV market continues to provide many opportunities for sheet plastics sales. RV production is up over 5% for 2014. Plastral Pty Ltd has reached agreement for the Thermolite and Fascat businesses to be transferred to it from Arkema. Plastral also continues to strengthen the sale of engineering plastics sheet and rod with support from its suppliers with Simona currently visiting Australian customers. It is reported that Dotmar are reintroducing acrylic sheet to their range. Marand Precision Eng has had installed a set of vertical tails on the F35 Joint Strike Fighter at Lockheed Martin Fort Worth factory. NZ manufacturing continues to expand PMI for October was 59.3 and November maintained this level. China's PMI shows manufacturing output continuing to slow and confirms that fundamentals are still weak. PMI for November 50.3 down from Oct 50.8 and Sept 51.1. However investment continues as the Chinese Government maintains a growth rate of 7.5%. Europe's Chamber in China believes the "Golden Age" in China is nearly over But the "Silver Age" of continued modest growth will follow soon. Faurecia France aims to double sales in China over the next 3 years. Evonik has appointed Claas-Jorgen Klasen President Greater China from January 2015. The Automotive market in China continues its growth. Benecke-Kaliko AG also continues its expansion with a second plant. Carclo Plc UK has announced expansion in its medical manufacturing facility at Taicang, Jiangsu province. Continental Structural Plastics Michigan is setting up a JV for lightweight auto and truck solutions in Tangshan Hebei province. The Ebola crisis has provided an opportunity for a Chinese manufacturer who can produce 6000 PP and PE protective suits daily.

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

Ensinger Group Ltd., the British part of the German based group has acquired the UK company Elekem Ltd. Based in Rossendale, near Manchester, this specialty manufacturer produces semi-finished products made of fluoropolymers and polyaryletherketone. Elekem uses different manufacturing techniques to process these high-performance plastics, with the focus on isostatic moulding and dynamic centrifugal moulding of tubes.

It supplies customers from a variety of industries as diverse as the oil and gas sector and the food industry. There is currently a staff of eleven working for Elekem in Rossendale. "We are delighted to welcome this new member to our company group. This innovative team and its specialist processing technologies will provide an excellent addition to our existing product and technology spectrum. Conversely, affiliation with Ensinger will offer a broad marketing platform for this product range", said Ensinger CEO Klaus. Elsewhere, German-based Akro-Plastic GmbH, specialists for over 25 years in innovative, application-orientated plastic compounds, has developed a complete process for the manufacture of a weight-saving polyamide compound reinforced with dry carbon-fibre roving. The development was carried out within a consortium of companies along the value chain and in partnership with the compounding line manufacturer Feddem GmbH & Co. KG. Akro-Plastic GmbH, located in Niederrissen, Germany, has developed this new product range based on polyamide 6, polyamide 6.6, PPA and partially aromatic PA 6.6 (AKROLOY®). Reinforcement of these polymer types with carbon-fibre contents of between 10% and 40% has been achieved. These materials, such as AKROMID® B ICF 40, a PA 6-based compound, achieve a tensile modulus of 30,000 MPa. The objective of this new reinforced product line is to drastically reduce the weight of high-strength components. The resultant cost of these product falls in line with glass-fibre reinforced compounds for the first time.

Nexeo Solutions, based in Barcelona, Spain, a global leader in plastics distribution, has announced it will expand its portfolio in Europe by offering products under the TORZEN® PA66 brand from Invista. The latter is the world's largest producer of PA66 and intermediates and a solutions provider in the engineering polymers market. Its TORZEN® PA66 product line has a wide spectrum of applications in the automotive, electrical/electronic, industrial, and consumer markets. According to the companies the new products stand out due to their high

tensile strength, resistance to chemicals, and temperature. “We are glad to extend our offer of polyamides with the TORZEN® brand of PA66 from Invista. Our customers will enjoy one of the most competitive products in the industry” said Gianpaolo Armando, VP EMEA of Nexeo Solutions. Claudio Degiorgi, Director, Invista Engineering Polymer Solutions, Europe, noted that working with Nexeo Solutions is expected to add value in the European market by strengthening the company’s reach across multiple market segments and regions.

At FAKUMA 2014, Evonik Industries has shown a new specialty molding compound—PLEXIGLAS® Resist AG 100—for manufacturing vehicle glazing. PLEXIGLAS® Resist AG 100 is the world’s first PMMA specialty molding compound for this application. It is said to offer the high resistance to UV light and weathering for which PLEXIGLAS® is known, is impact- modified and has up to 30 times the breaking strength of mineral glass. The developers have also succeeded in significantly reducing the reversible haze that occurs in conventional impact-modified products at very high and low temperatures. Finally, long-fibre reinforced polyamides from EMS-GRIVORY are well known for being excellently suited for the replacement of metal. Now the Swiss-based company has extended the range once again. Through new developments in the field of long-fibre technology, the Swiss have been able to further increase those properties relevant for metal replacement and to generate new application fields. According to the company, using newly developed glass-fibre rovings it was possible for the first time to develop an injection-moulding material (Grivory GVL-6H HP) with no carbon fibre content which exceeded the “sound barrier” value of 300 MPa for tensile stress at break (tensile tests as per ISO 527). The new rovings have a different kind of geometry and therefore, a different length-to-thickness ratio – both in 10 mm granules as in the injection-moulded finished component. In this way, even better surface quality is possible allowing a combination of excellent surface quality and extraordinary mechanical properties to be achieved.

#### **PRICING:**

PE and PP resin prices inch up then slide backwards, while PVC and PS go down incrementally. With oil prices continuing to slide, despite the fact that natural gas is used as feedstock in North America for most polyolefins, the price of oil sets the resin price since it is used globally as feedstock. Thus the continuing trend for lower prices as oil dips to record low prices in 4Q 2014.

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

SABIC’s Lexan® resin and Exatec® coating appear as front fixed windows in a breakthrough glazing application in a Fiat race car. Evonik introduces Plexiglas® Resist AG 100 for automotive glazing. Ensinger Inc. has named Victrex plc as its Supplier/Partner of the year. Bayer MaterialScience LLC launches Makrolon® SK prismatic textured PC sheet for daylighting applications. Bayer also offers Hygard® EX PC laminated sheet for explosion resistant security glazing at critical installations globally. A.M. Castle & Co. announces 3Q 2014 results – it’s Total Plastics unit reported quarterly sales of \$34.8 million, 3.2 % higher, year over year. They attribute brisk demand from automotive and home goods markets causing the good results. Comco Plastics suing former employee Tim Butler on grounds of conflict of interest, claiming he competed with them while employed. Allegations are that he formed Plastic Stock Shapes LLC and conspired with manufacturer Apexco-PPSI LLC. to divert materials. Curbell wins IAPD application design competition...provided materials for use in electron accelerator used for cutting-edge research at Brookhaven National Laboratory. Evonik develops Plexiglas® LED for clear light diffusing covers. Quadrant EPP receives key certification necessary to supply the oil and gas production industry...using PEEK stock shapes. Inplas Fabrications (Australia) uses fluorescent cast Perspex sheet to win display design competition at UK trade show. Lucite International’s LuciteLux™ wins design award, as provided by ePlastics (Ridout Plastics) in San Diego. GEHR Plastics debuts new mobile app for materials selection process. Eastman Chemical introduces Eastalite foamed copolyester as a styrene-free alternative to HIPS.

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

Raven Industries’ Engineering Films division buys Integra Plastics, film and sheet manufacturer which posted sales of approximately \$30 million this year...Raven reported \$150 million. Curbell Plastics acquires specialty orthotics and prosthetic supplier, O & P Enterprises, based in the Chicago area. PolyOne said to be in talks to bid for Klockner Pentaplast, but neither party confirms the speculation dating back to October, 2014.

**INDUSTRY INTERVIEWS: ...concluding our interview with Donald Dunn and Mitch Grindley of Plaskolite.**

***Q. Why did you decide to set up a plant in Turkey? Why cast acrylic, when all your other production facilities produce continuous manufactured sheet?***

A. Europe has always been a strong acrylic mirror market for us. We felt there was an opening for Plaskolite to enter the market. In many ways we think the marketplace resembles the U.S. marketplace ten years ago. We believe we can duplicate our strengths in Europe. Hopefully we will be right with our decision to enter this market. Why cast acrylic? - Cast has always been missing in our product line. We never felt we could have the lowest cost position with the product. We think that has changed. We have a partnership with a strong acrylic manufacturer in Turkey (Isik Plastics) and together we develop what we believe is lowest cost and highest quality cast acrylic sheet in the world. Therefore, we will start with cast sheet production in Europe. As I said earlier our hope is to duplicate in Europe what we manufacturer in the US. So continuous process acrylic will follow. Also we believe the Asian cast producers have a big percentage of the US. cast market. Hopefully we will be able to supply alternative for our distributors to their sheet and then duplicate our Turkey facility somewhere in the US. Why Turkey? - First as I mentioned earlier we have a very strong partner in Turkey, who had the technology and other strengths along with what we needed to become the leader in manufacturing cast acrylic. Turkey is located so we can easily support Europe and Asia market. Regarding the current problems in the Middle East, I would be lying if I told you we could see what is going on today happening, but we knew it was a risk, but with our strong partner and we believe we are ok.

***Q. When will you be producing PC Sheet?***

A. In the early eighties we produced Polycarbonate sheet, but our acrylic business was growing rapidly so that is where we focused our resources. We think the current Polycarbonate manufacturers do a good job supplying the marketplace, but we do have the ability to manufacturer Polycarbonate.

***Q. What will the plastic sheet distribution business look like in 10 years?***

A. I think that the easy answer is there will be fewer distributors, with mega distributors who invest in technology having the strongest position, but it is not a sure thing. Distributors are relying on manufacturers to hold their inventory. I think if this trend continues, distribution will lose its value. I see manufacturers testing today's marketplace, telling distributors where they can sell and going direct if they choose. A real risk to both distributors and the manufacturer who support distribution.

***Q. On a personal note, what do you consider your greatest accomplishment?***

A. First getting my wife Chris to marry me 30 years ago this November. Also with my wife doing most of the work, raising three unbelievable children, who continue to amaze me every day!

***Q. If you could return to Columbus as someone else in another live, who would it be?***

A. I am conservative; I love my life in Columbus. It would be too risky to be someone else.

*Thank you Mitch*

**To our colleagues and subscribers:**

**Our best wishes for a safe and happy Holiday Season.**

**May next year bring good health, prosperity, new opportunities and peace everywhere!**

*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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