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Polymer Raw Material Shortage for 90% of Converters

Production of Essential Goods in Europe Threatened – Need to Calm Down Markets

Press Release

The European plastics converting industry is facing severe shortages of raw materials and extreme price increases never experienced. This situation is threatening the economic survival of numerous SMEs but also endangering the production of countless products, ranging from applications in the building and automotive industry to essential goods for the food packaging and pharmaceutical supply chains.

According to **EuPC Managing Director Alexandre Dangis**, *“Manufacturers of plastic products all over Europe are experiencing serious bottlenecks in the supply of raw materials since the beginning of this year. Delivery problems have become increasingly widespread, affecting raw materials for example (not limited) such as Polypropylene, Polyvinyl Chloride, and Polyethylene, as well as special additives that are crucial for the manufacture of compounds and plastic products. The serious market disruptions currently taking place all over Europe are a symptom of the structural imbalance in Europe between the local production of and demand for raw materials and additives. Without restoration of that balance, periodic recurrence of gross disruption of the production chain is highly likely. Ultimately, end customers will also suffer damage due to disruptions in the delivery of (semi-)finished products.”*

“Europe is a net importer for polymer raw materials and is therefore above-average vulnerable to market disruptions. The current shortages are caused by the improving global economy in combination with exports of plastics from Europe to Asia and North America. Logistical problems due to a shortage of containers to Europe also contribute, as does the lower production of plastics in the USA. Furthermore, the demand for certain raw materials used for protective articles against COVID-19 is extremely high. In addition, we see an unprecedented great number of declarations of force majeure.” Said **Ron Marsh, Chairman of the Polymers for Europe Alliance**.

The more than 50,000 SMEs that form the plastics converting industry in Europe are under severe pressure, still recovering from the effects of the COVID-19 pandemic and now faced with a raw material scarcity that not only dramatically increased their cost of production but threatens to stop it altogether. Recent surveys amongst plastics converters in several Member States have

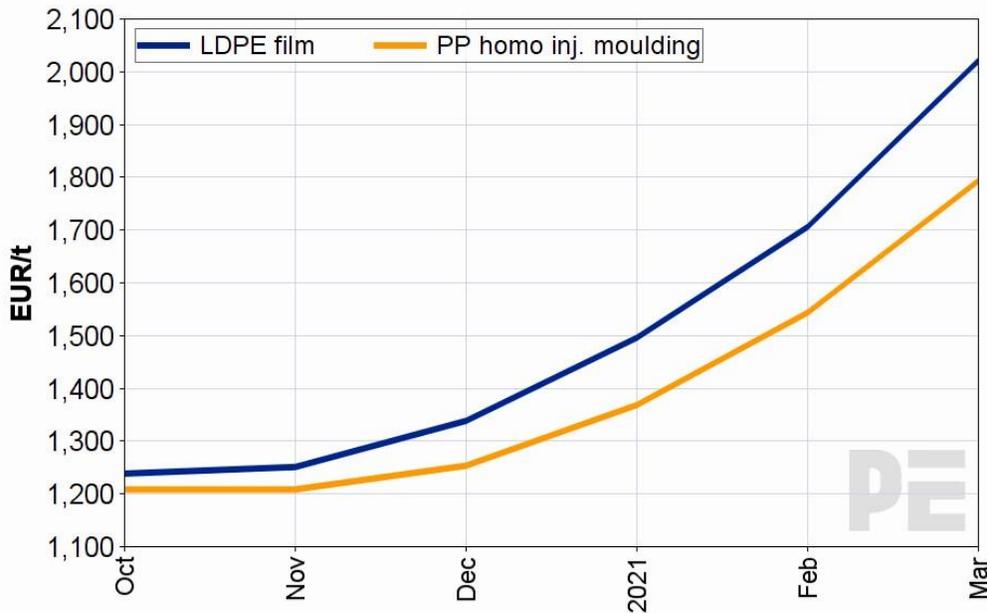


shown that more than 90% of them are affected by this supply crisis and many are forced to reduce their production and accept less or no new customers to be able to honour their existing agreements. If this situation continues further, the supply of essential goods for the food and pharmaceutical industries will no longer be guaranteed.

In many cases, a switch to recycled material is only feasible to a limited extent. In several applications, legal safety regulations, technical hurdles, and quality requirements currently prevent the wider use of recycled materials. Especially for the mentioned essential goods. Recyclates are not available in sufficient quantities and consistent quality yet. Where recyclates are established alternatives, prices are rising significantly to parallel virgin material - and availability is declining.

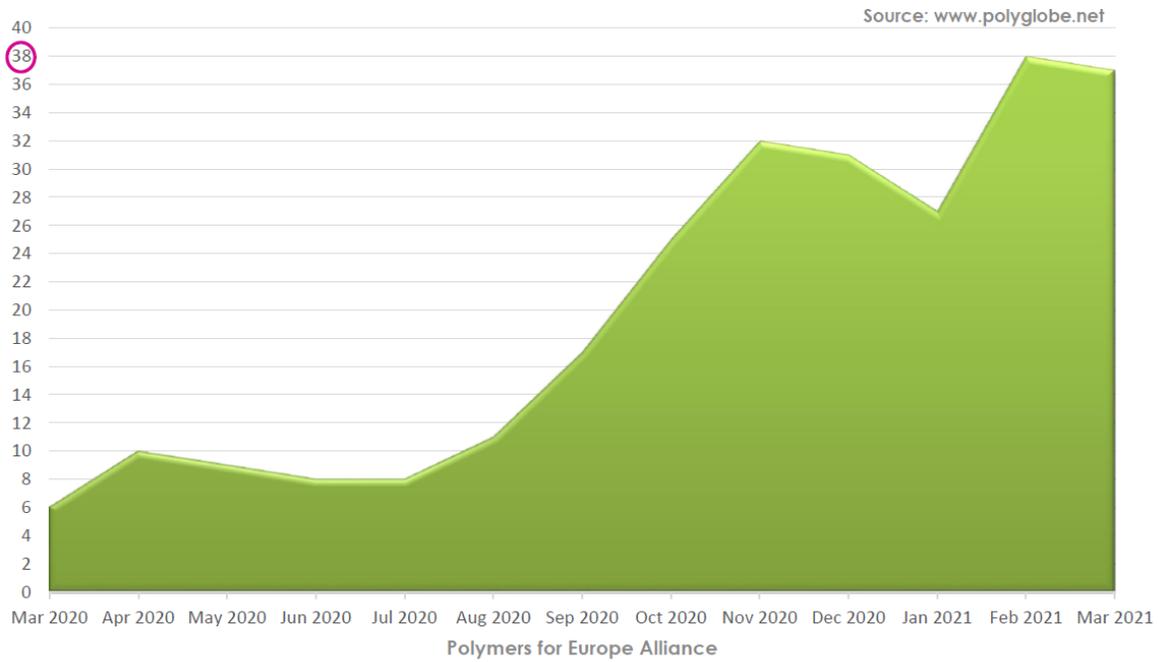
European Polymer Prices – Development per Month

PIE Polymer Prices





Number of existing Force Majeure Declarations in Europe per Month



Number of existing Force Majeure Declarations in Europe per Country on 31/03/2021

