



**For immediate release**

Brussels, 12 October 2009

### **'Resin price increases endangering recession', says EuPC**

EuPC, the Brussels-based organisation for plastics converters, has attacked the plastics raw material price increases announced by suppliers in recent weeks. 'Markets are currently too fragile to cope with this kind of increases' said EuPC's Managing Director, Alexandre Dangis.

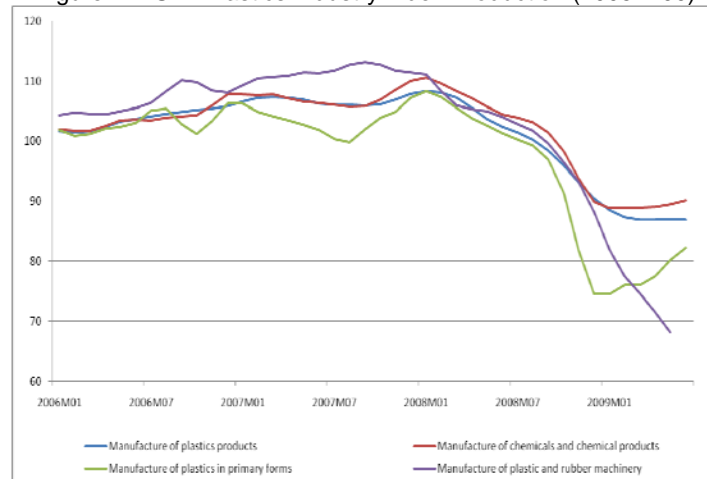
'Converters are unable to pass these down the value chain onto their customers. Raw material producers are endangering the economic recovery of the plastics markets and are displaying a poor knowledge of business conditions at the sharp end experienced by their processor customers', he warned.

Introducing EuPC's latest annual economic report for 2009, which was updated with the latest economic forecast in August 2009, Dangis reported that investments in new plastics converting machinery have almost come to a standstill, indicating how difficult the situation is for plastics processors all over Europe. Moreover, credit insurance schemes are not providing sufficient financial backing for companies to take on new risks and create growth. 'All of this', says Dangis, 'is dampening the prospects for the expected re-launch of the economy'.

Dangis spoke about the differential impact of the recession on Europe's plastics converters from one country to another and said that on the whole the first half of 2009 saw a drop of 20% in production volumes compared to 2008.

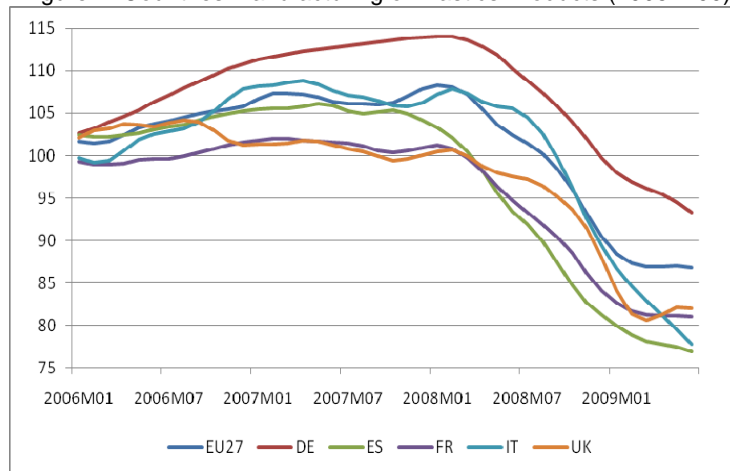
Dangis said that since the beginning of the crisis in 2008, the plastics converters have been less affected (down by 25%) than the raw material and machinery producers (down by 32 and 69%, respectively) (figure 1). He added that the production of plastics in primary forms has surprisingly increased by 10% since early 2009. This trend could therefore herald a future recovery of the plastics converters.

Figure 1: EU27 Plastics Industry Index Production (2005=100)



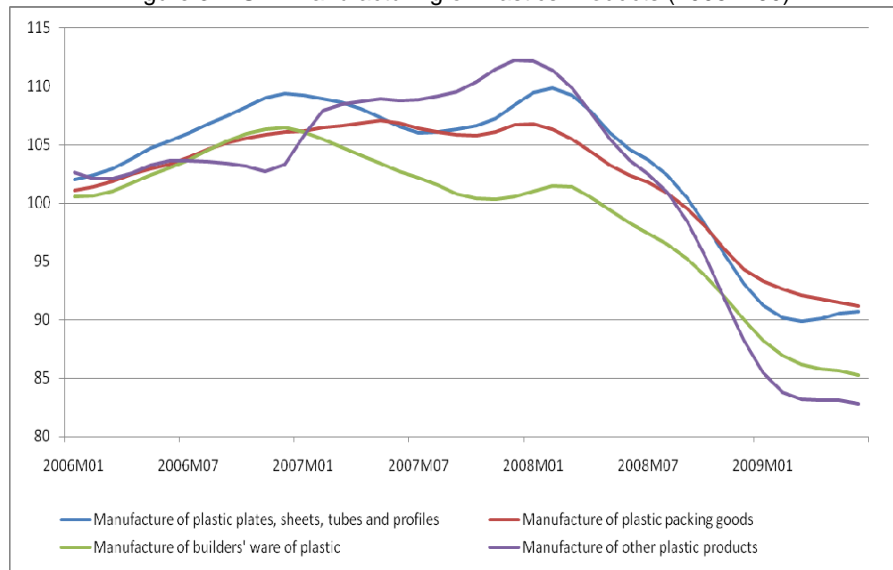
From a country perspective, Dangis pointed out that Spain and Italy have been the most severely affected by the economic downturn, as they have seen a decrease in their production by around 26 and 27%, respectively (figure 2). Conversely, Germany has shown the greatest resilience among the EU27 with an overall growth rate of 1.2%, while its automotive sector now appears to be slowly picking up.

Figure 2: Countries Manufacturing of Plastics Products (2005=100)



In general, said Dangis, plastics sectors have been affected in different ways by the recession (figure 3). On the one hand, the consumer packaging sector – unlike the industrial packaging sector which continues to suffer heavy losses – has been the least affected, with a decrease of 15% since 2008. On the other hand, other plastics sectors have reported a decrease of up to 26% in the production of plastics goods since 2008.

Figure 3: EU27 Manufacturing of Plastics Products (2005=100)



'Our business situation is delicately poised', said Dangis, 'but it is being jeopardised by untimely raw material price increases which are not allowing slight gains to be consolidated'.

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