

# EuPCfocus



EUROPEAN PLASTICS CONVERTERS NEWSLETTER  
PROVIDING EUPC MEMBERS WITH A BRIEF OVERVIEW  
OF EUPC ACTIVITIES AND ISSUES

April 2009

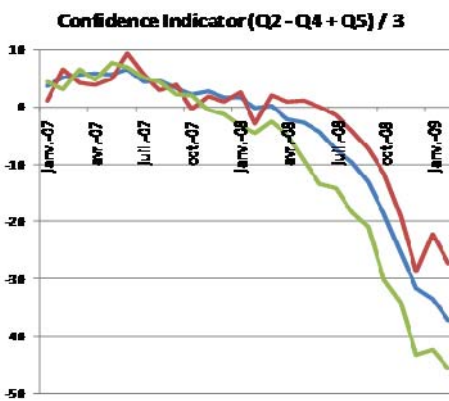
## 20th Anniversary in Portugal BLOCK these dates!

European Plastics Converters (EuPC) will be celebrating its 20th anniversary during the Annual Meeting and General Assembly in Cascais, Portugal, which will be held in Cascais, Portugal from 3-5 June 2009. The EuPC General Assembly will take place on 5 June 2009, and will be preceded by the Packaging Forum and the Divisions Building and Construction Division, Automotive and Transport Division, and the EuPF (European Plastic Films) Plenary meeting on 4 June 2009. The 2009 event will see a combination of speakers coming from, not only the plastic industry but also from the European Institutions. Important speakers have accepted with enthusiasm to express their views and challenges for the next years: Mr. Manuel Pinho, Portuguese Minister for Economy and Innovation, Mr. Gwenole Cozigue, EU Commission, Esteben Gimeno, Repsol, Felipe de Botton, Logoplaste, Mike Smith, CMAI. For more information please contact Bianka Nagy: [bianka.nagy@eupc.org](mailto:bianka.nagy@eupc.org)

## EU Plastics Converting Economic Health

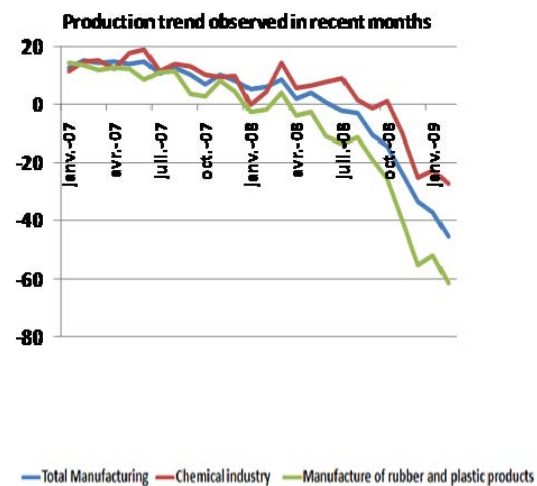
The EU plastics converting industry has strongly been impacted by the effects of the financial turmoil. The production of the plastics products has been more affected than the average manufacturing industry and much more than the chemical industry. Furthermore, the confidence of the rubber and plastics producers has also plummeted more significantly than the total manufacturing. EuPC quarterly business tendency survey

has shown a global downturn for all the Member States as a forecast for Q1 2009. All markets (packaging, building & construction, automotive and consumer goods) have all shown negative trends during this last quarter. The economic situation and outlook remains exceptionally uncertain as the world faces its worst crisis since World War II.



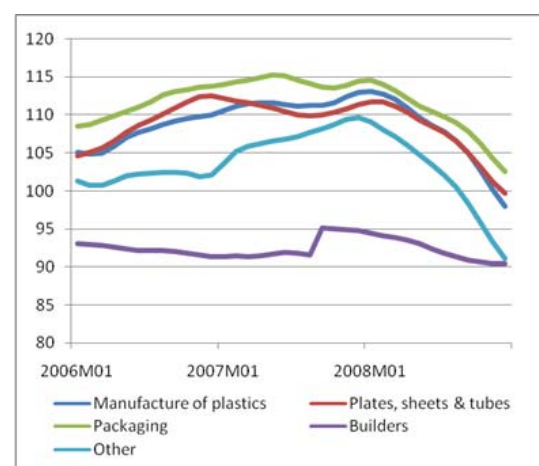
Source: Eurostat

Risks to the growth outlook are balanced. To the downside, we need to consider the impact of the financial crisis (including on the housing sector) and the severity of the negative feedback loop between the financial and real sectors of the economy. On the other hand, growth could be stronger than expected if *inter alia* the fiscal packages restore confidence among investors and consumers more swiftly than assumed. Risks to the inflation outlook also appear balanced, following developments in commodity prices and the deterioration of economic prospects globally.



Source: Eurostat

The average manufacture of plastics fell to production level of early 2000. The packaging industry seems to suffer slightly less than the other converting industries.



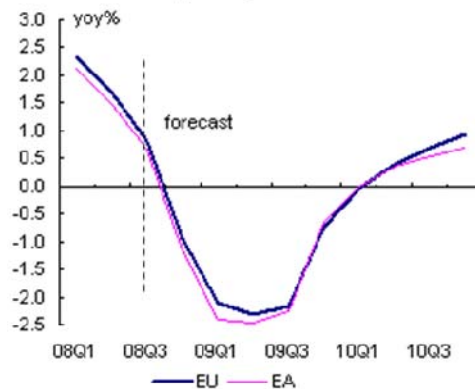
Source: Eurostat

## EU General Economic Situation

Amid exceptional uncertainty the EU Commission forecast estimates that economic growth to have dropped to about 1% in 2008 in both the EU and the euro area (down from just below 3% in 2007). In 2009, real GDP is expected to fall by less than 2% in both regions. GDP growth is expected to turn moderately positive in 2010, to around ½%.

However, the discretionary fiscal measures announced since August 2008 will limit the contraction in GDP

EU and euro area growth profile



Source: European Commission

growth by about ¾ pp. this year. The labour market situation started to worsen in most Member States in 2008. Reacting with a certain lag to changes in GDP growth, employment growth is expected to turn negative this year, with EU employment falling by 3½ million jobs. The unemployment rate is expected to increase to 8¼% in the EU in 2009 (and 9¼% in the euro area), with a further increase in 2010.

In October, industrial production fell by 1.2% (m-o-m) in both the euro area and the EU (and was about 5% lower than a year earlier). Industrial

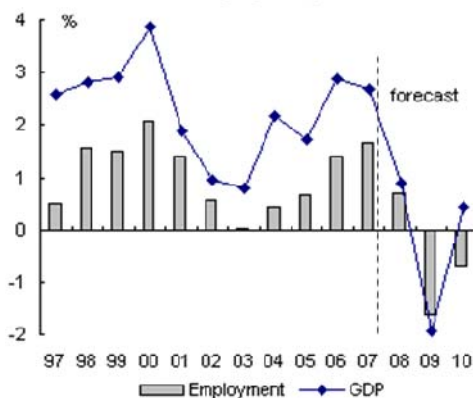
new orders were down by 15.1% (y-o-y) in the euro area and by 17.9% in the EU. Evidence from the automotive industry, where factories have been closed for several weeks in some cases, suggests that a more severe drop in industrial production is imminent. In November, car registrations fell by 24% (y-o-y), compared to a decline of 8% in 08Q3.

On a slightly more positive note, retail sales rebounded in November by 0.6% m-o-m in the euro area and by 0.3% in the EU – but were still contracting on a year-on-year basis, particularly in the euro area (-1.5%).

In addition, consumer confidence fell to an all-time low in December, the annual growth rate of loans to households is decelerating and firms are cutting back on their recruitment plans. Overall, these data suggest a renewed deterioration of private consumption in the fourth quarter of 2008 and persistent weakness in the near future.

FULL **EuPC** Report 2009 can be downloaded from the EuPC extranet: [www.plasticsconverters.eu/login](http://www.plasticsconverters.eu/login) For more information or a copy of the full report, please contact antonio.furfari@eupc.org.

Growth of GDP and employment, euro area



Source: European Commission

The deteriorated outlook is the result of the impact on the real economy of the intensified financial crisis and the ensuing global downturn. The severe economic downturn will have a profound impact on labour market developments and public finances over the forecast horizon, though inflation pressures continue to ease from earlier heights.

## EuPC Upcoming events

3	June 2009	Steering Committee Meeting	Cascais, Portugal
4	June 2009	Packaging Forum	Cascais, Portugal
4	June 2009	Building & Construction Division Meeting	Cascais, Portugal
4	June 2009	Automotive & Transport Division Meeting	Cascais, Portugal
4	June 2009	BSP Meeting	Cascais, Portugal
4	June 2009	Eu Plastvoltage meeting	Cascais, Portugal
5	June 2009	General Assembly	Cascais, Portugal
15	September 2009	Packaging Excom	Brussels, EuPC offices
16	September 2009	Steering Committee Meeting	Brussels, EuPC offices
22-23	September 2009	NPA Platform Meeting	Copenhagen, Denmark