



For immediate release

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'PRODUCT PRICES MUST RISE' SAYS PLASTICS CONVERTERS

Customers of the Europe's plastics converters must recognise the need for increased prices for the plastics products they are buying. This is the stark message today from the processors' Brussels-based organisation, European Plastics Converters Association.

Managing Director Alexandre Dangis said *'Many of Europe's 50,000 plastics converters are on the margins of viability following across the board cost increases particularly in raw materials and energy. If customers want a healthy supply chain able to invest in plant of increasing efficiency and fertile with innovation they must accept increases in the price of plastics goods purchased. We are now well beyond the limit where processors can absorb costs without interruption to business'*.

Illustrations of the cost pressures have been reported to EuPC by several national member associations. Figures from France indicate that since January 2004 the price of Polyethylene has increased by 90% whilst those of Polypropylene and Polystyrene have mounted by 63% and 70% respectively. In the Netherlands there are reports of recent raw material price increases of more than 20% and in the UK, in addition to the material input price rises, processors are seeing up to 100% increases in their energy bills as they move onto new supply contracts this Autumn.

EuPC also points out that whilst the oil price has reduced from its earlier peak this will take time to feed through to raw material prices, if at all. *'Oil is certainly a major factor driving prices'*, said Dangis, *'but naphtha and the chemical building blocks from which plastics are made have their own supply and demand story, and international trade movements also play a key role. The price of oil and its derivatives are also at the mercy of international events risk and difficult to predict'*.

Dangis emphasised that plastics applications are vital to society in housing, food preservation, healthcare, fresh water distribution and sanitation. Above all they are crucial in saving energy through their light weight and insulating properties. *'All these are attributes that come with a cost which must be recognised by the customer chain'*, he said. Cost increases need to be passed on in full and immediately they arise. Maintaining a professional and stable supply base providing products with a high technical content to consistently high standard depends entirely on this.

This press release is the outcome of the Steering Committee meeting of 16th September in Bad Homburg, Germany. Due to this economic situation for converters, EuPC will now regularly provide some business tendencies news for converters.

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