



# GLOBAL PLASTICS LETTER

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*“A World of Plastics Information”*

SEPTEMBER 2011

IAPD EXPO ISSUE

Dear Colleague:

Economic enhancement of egalitarian economies...our industry is awash in recent sales and profit highs, yet apprehension persists. To test the tone and mood, we engaged in many conversations over the last few weeks, with key figures and results were enlightening. Global economies have been shocked by political, economic and natural forces, limiting the resumption of normal functioning economies. However, all indications and generally accurate forecasts call for second half growth to pick up, perhaps at a 3% rate – any significant additional outside events could move all of us into a double dip recession. Thus the outlook for the balance of 2011 is tenuous at best. Some bright spots: crude oil, thus gasoline prices, trend lower; productivity in manufacturing and service sectors continue to rise globally; new technology such as a new Internet Protocol (Ipv6) will open door to an amazing new series of data devices; 3-D printers and heat generated by computers to warm buildings.

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**IAPD Annual Convention and Expo News:** Sept. 13-15, 2011, Baltimore, MD, USA is the date and place of IAPD's 55<sup>th</sup> annual event. This is the only global conference focused entirely on the manufacture, distribution and fabrication of semi-finished plastic stock shapes i.e. sheet, rod, tube, film, pipe, valves and fittings. Featuring quality experts and speakers and other educational sessions, the event culminates with an Expo featuring exhibits of many leading suppliers. Included in the Expo will be a Media display highlighting industry publications such as *Plastics News*; *Machine Design*; *Signs of the Times* and *The Global Plastics Letter*...with special offers for IAPD Convention attendees. For further information, go to: <http://www.iapd.org/expo>

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**TRENDS:** U.S. multinationals are plowing more profits back into foreign markets such as China. In our industry, a Plastic Park is established in Dahej, India with 30 companies investing. SPE has largest plastics group on LinkedIn®, with membership surpassing 10,000. Libyan oil will be spotlighted as hopes are high for output resumption. Plastics Collection, named “Just One Word: Plastics” opens at Syracuse University Library Sept. 15, 2011...runs through Jan. 20, 2012. Look up listing of Globe's largest companies by country at: <http://www.industryweek.com>  
PlastIndia opens Feb. 2012 and will be one of the global plastics industry's major exhibitions.

**OUTLOOK NORTH AMERICA:** by **Bill Shields, North American Correspondent reports from the U.S.** As predicted, manufacturing growth had a gentle slow down in July to match June and is predicted to continue the cool off for the remainder of the summer. Manufacturing activity barely grew in July, falling to the weakest level in over a year. Demand is slowing but is expected to rebound in the early fall. The Institute for Supply Management said its index of manufacturing activity fell to 50.9% in July from a robust 55.3% in June. The reading was the lowest since July 2009. Any level above 50 indicates growth. Although very important to

us, manufacturing represents only about 11% of the U.S. economic activity. Factory orders fell in June & July; they are expected to be flat for August. The Economy grew 0.4% in Q 1 & 1.3% in Q 2. It is expected to be at 1.2% for Q 3. Companies in our industry have increased sales ranging from 20.0% up to 50.0% over a year ago for the first 7 months of the year. Commodity related sectors are leading now. The Federal Reserve expects the economy to grow 3.3% - 3.7% in 2012. PVDF resins have increased in early August. Global demand will continue to push pricing up on raw materials. This is in large part due to availability of resin for production. Prices for other resins should stabilize due to a softening of demand Robert Blackwood is now President of American Plastic Depot, which is a manufacturers rep organization. Mark Mush had joined Atlas Fibre as its National Sales Manager. Deena (Vannicelli) Baker is now with Interstate Plastics. Robert Nachimson has been promoted to Sales Manager of E & T Plastics. IAPD is coming to Baltimore, MD in September and more manufacturers than distributors are registered to attend; what does that mean?

#### **OUTLOOK EUROPE: by Ralph Ammann, our EuroZone correspondent reports from Germany**

The monthly European report starts with a success story of Plexiglas® and Acrylite® by Evonik Industries. A new photovoltaic design carport developed by German-based Mage Sunovation GmbH uses the material as carrier sheet for the solar cells with which the solar modules can be formed exactly as required. Futuristic in design, the carport has everything one would expect of a high-tech parking space: solar modules for power generation, energy-conserving high-performance LEDs, motion detectors that switch on the lighting, and a power socket for charging an electric vehicle. The carport's filigree design is made possible by a lightweight plastic solar module. The solar cells are embedded between two Acylite® sheets. While the cover sheet is made of solid material, a lighter multi-skin sheet that delivers additional weight savings was chosen for the lower carrier sheet. A special multi-component gel between the two layers holds the cells in place. The low weight of the lightweight solar module, which weighs around 60 percent less than a comparable glass-on-glass module, makes an elaborate substructure unnecessary and provides numerous design options ranging from different colors to a satin underside. For a recently launched carport in Germany, the designers opted for backlighting of the modules with Plexiglas® LED rods. When the rods are illuminated by the LEDs at both ends, they spread the light evenly throughout the entire rod. The LEDs can be switched on by motion detectors. By contrast, weather resistance, mechanical properties and transmission are the main features of the cover sheet. "Plexiglas®/Acrylite® is ideal for this", says Uwe Löffler, who is responsible for establishing new business in the Solar market segment in Evonik's Acrylic Polymers Business Line. "Not only does it have the highest transmission among transparent plastics, but it is also highly UV and weather resistant." In the carport in Darmstadt, the cover sheet is made of the newly developed Plexiglas® Solar, whose transmission properties are especially adjusted to the spectral response of solar cells. This material allows high-energy radiation of between 350 and 380 nanometers to pass through far better than other plastics. Consequently, more high-energy light reaches the solar cells and can be converted into electricity.

Elsewhere, Wavin, one of Europe's leading suppliers of plastic pipes, announced its half year results. According to the company the revenue increased 14.7% to €681m. Ebitda went down to €46m from €47.9 for the same period last year. As the company mentioned, this is partly due to price hikes for raw materials. Finally, German-based Simona AG, a leading supplier of plastic pipes as well as plastic sheets, recorded substantial growth in revenue and earnings in first half of 2011. The Group managed to maintain its forward momentum in sales volumes and revenue over the course of the second quarter of 2011. Sales revenue generated during this period stood at €85.4 million, which corresponds to year-on-year growth of €15.4 million. In total, revenue for the first half of 2011 rose to €162.3 million, up €32.6 million on the figure posted in the first half of 2010.

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

Firstly I would like to make a correction to my August Newsletter. Denis Matulin continues with the Dotmar Group of Companies as Executive General Manager of Fluoro Pacific. Mr. Kevin Stainer Executive General Manager of the Dotmar Group has confirmed this appointment. The Australian market continues to face many

issues. Local industry is struggling against imports. Bluescope, a major steel industry company, is closing its plants. They have been a significant user of engineering plastics. Currencies have fluctuated during the month and the \$Aus is currently at 1.07 \$US. Mulford Plastics NZ are benefiting from the Rugby World Cup (RWC) to be held throughout NZ September/October and with 95,000 visitors expected. MD of Mulford Holdings Ian Grant reports steady business in ANZ and confirms Mulford's position as the largest plastics sheet distributor in the region. Visual Impact Image Expo will be held in Melbourne September 13-15, 2011. With Mining being the current economic driver of Australia (no longer riding on the sheeps back) the AIMEX show in Sydney 6-9 September displays great opportunities for the engineering plastics industry. Currently only UNASCO are noted as an exhibitor. PT Impact Pratama has relocated their manufacturing operations to a new purpose built 30,000 sqm facility in Jakarta, Indonesia. PT Impact Pratama are the parent company of Mulford Plastics and extrude polypropylene Twinflute and polycarbonate sheet. FESPA ASIA 2011 the leading exhibition for imaging is being held in Singapore 26-28 October 2011. Toray Plastics, Japan who continue their expansion in the USA through their US subsidiary have been awarded \$1million by the Rhode Island Dev. Corp to assist in the construction of a 375Kw solar energy project. An old friend of this Newsletter Sig Floyd is moving back into Asia, Sig was with Rohm & Haas Asia/Atohaas for a number of years and he is now returning to Suzhou China to take up country leadership of a Swiss machinery company. Shanghai China has been selected as the location for what is believed to be the world's largest additive plant. Annual production will be 428,000 MT from the 150,000sqm plant with an investment up to 50million Euros by Henkel AG & Co. The plant will meet demand in China and Asia Pacific. Evonik Industries are reported to be adding 100million lbs to their worldwide capacity including an increase to their Shanghai plant. Kingfa Science & Technology Co Ltd plans to transform itself from a plastics compounder to a multi material manufacturer. Kingfa located in Guangzhou China plans to add up to 1.2million MT of capacity including automotive, ABS, Nylon, recycling and 100,000 MT of Polycarbonate and PC alloy projects. China employment law continues to change, some recent findings include, new laws on maternity leave, Summary dismissal unlawful despite being based on company rules and demotion of employee with poor performance ranking held illegal by the Court. Rexam Plc is reported to be expanding its Asian operations with further investment in Western India through a new plant and another expansion. Rexam is a major packaging company and sees a strong future in healthcare products in the Region and particularly in India. In 2006 it bought Truepak Ltd Bangalore India.

PRICING: Polyolefin commodity resin prices fall based on lower crude oil, naphtha and benzene prices. PS prices will rise slightly although tentative. Engineering materials prices hold steady as demand is flat although new applications seem to be on the upswing.

MANUFACTURER/DISTRIBUTOR BRIEFS: ***BREAKING NEWS***: Modern Plastics, CT, USA named key distributor of VESTAKEEP® Medical PEEK products by Evonik Degussa. This new product line, marketed by Modern throughout the U.S. and Canada, is designed for use in short-term contact and permanent implant medical devices and related applications – a first certification and partnership for both Evonik and Modern.

Vycom, at IAPD Expo, debuts HDPE sheet with unique colors and textures called *Designboards*. N-K Manufacturing adds sheet extrusion to its newly acquired Caldwell Industries unit. Sinclair & Rush subsidiary VisiPak begins extruding open-ended tubes in China. Rowmark installs new extrusion line to produce MMA and ABS 3 layer sheet in 2.5-9.5 mm thicknesses. Curbell Plastics names Plaskolite Inc as its 2010 vendor of the year. E & T Plastics donates acrylic sheet to major art installation in New York City at one of its piers. Saint-Gobain appoints John Crowe as President and CEO of its entire North American subsidiary – formerly headed up its Performance Plastics business. Insulgard Security Products announces security doors of PC that provide extreme weather protection...FEMA compliant.

## INDUSTRY INTERVIEWS: JIM DONALDSON, PRESIDENT, A.I.A PLASTICS

Jim Donaldson, native of Colorado, attended its University and joined Plasticrafts in Denver before starting A.I.A 34 years ago. A former IAPD President, Jim lives in Denver with Marge, his wife of 52 years and has 3 children including Jim who is G.M. of A.I.A. We interviewed Jim at his office in Denver, Colorado

*Q. What's the history of A.I.A Plastics? When started? Who? Why? Where?*

A.I.A. Plastics was started in April of 1977 by Jim Donaldson and Rich Wild to be a Colorado distributor of plastic rod, sheet, tube, and domed acrylic skylights to the architectural/construction market. We did not want to do any fabrication as it was too expensive to buy equipment and you needed employees. We started off in a 5000 sq. ft. warehouse office space, and within 5 years was up to 10000 sq. ft. Seven years later, faced with a major recession, we had to start doing plastics fabrication as a means to survive. Rich left the company as the economy stalled and after we had just purchased and moved into a 10,000 sq ft building which was expanded to 20,000 sq. ft. and then in 2005 expanded into an adjoining building adding another 30,000 sq. ft.

Over the years, we acquired the assets of three skylight manufacturing companies and purchased the plastics fabrication equipment from another plastics company, skylight manufacturer that was closing its fabrication facility. This put us in the plastics fabrication, value added end of the business and manufacturing became the prominent part of the business as several large plastics distributors moved into the area and made it hard for the independent distributor to survive in the plastics industry. Competition pushes you in many directions. The company grew to about 80 employees 3 years ago and has cut back to 45 employees today that are turning out more product and revenue than we did with the higher number of bodies. Another lesson learned! AIA now ships product to every state in the U.S., Canada, and have shipped to Saudi Arabia and Abu Dhabi as well as several other countries.

*Q. When did they become a Rohm and Haas Plexiglas distributor? Why?*

We were never an R&H distributor, only DuPont when they reintroduced Lucite sheet — and Polycast. The big R&H distributors had a lock on Plexiglas and we could not get the line.

*Q. What does the business look like today versus 35 years ago?*

Business today is much more streamlined than it was 35 years ago, technology has everything moving at a much faster pace and you can get so much more done than before. We used to only have a telephone, fax, copy machine and possibly an answering machine with voice mail. Today, communications are fast and can be used to contact many people at once at a reasonable cost. Instead of files full of paper, it is now mainly electronic.

*Q. What's the biggest change you have seen in our industry in your 35 plus years in it?*

There have been many changes over the years, manufacturers, suppliers, and distributors have changed due to mergers, name changes, and the presence of the global economy. I do not see the loyalties that existed between manufacturers and distributors when we first started the business.

*Q. What are some of the other value added products you offer?*

We are a custom manufacturer of plastic formed, welded, routed, and hand fabricated plastic parts to our customer's specifications and have not developed specialty items of our own except for the standard skylights and a limited line of small acrylic fish tanks. A lot of point of purchase and museum displays.

**...to be continued in the October 2011 issue.**

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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