



Press Release

Brussels, 1 July 2015

From “Act of God” to “Act of shareholder” in the petro chemical industry

The reliability of the European polymer producing industry continues to raise serious concerns as over 40 force majeure situations have been declared in a period of only four months. Due to this sudden material shortage, production lines across Europe are forced to stop at the plastics converting level, alarming brand owners and OEMs. Meanwhile, raw material prices continue to rise to record highs due to this shortage of materials.

“EuPC has set up the Alliance for Polymers for Europe, during its recent General Assembly in Warsaw in order to bring all forces together to fight this unjustified situation. It seems that after months of low oil prices the petro chemical industry appears to be clawing back margins in the polymer value chain by stopping some crackers in Europe one after the other. This situation is very serious, risking future customers for raw material producers and raising several antitrust concerns. Due to the increased pressure of several trade associations, users, OEMs and brand owners, the EU authorities are starting to look deeper into these force majeure situations,” stated EuPC President Michael Kundel.

The **Alliance for Polymers for Europe** will provide detailed information on the current polymer market and help assist raw material users through its network of national plastics associations, as well as assist companies in requesting suspension of certain EU import duties to relieve the current shortages on polymer markets – a situation which is not expected to improve in the near future. Some companies will not survive this period due to their lack of sufficient volumes in stock, a consequence of the low demand in 2014. As a result, these companies face possible bankruptcies.

The **Polymers for Europe Alliance** will also initiate a study on the aging of polymer sites in Europe, together with industry and independent experts, so as to provide more transparency on the future development of the polymer production sites in Europe. According to existing market intelligence, some sites had more than 11 force majeure declarations in two years and the situation is not improving.



The Alliance will also discuss potential legal assistance for companies that have no other option but to seek legal action against their polymer suppliers due to erroneous force majeure declarations. Legal action will look at contractual obligations. The Alliance will also stimulate discussions on EU-wide customers' satisfaction.

The Alliance will take the form of a European coalition, beyond the plastics converting industry, and will be open to all companies and associations in Europe that need more information on how to supply their business with polymers in the next 5-10 years. A search for more material to be imported from outside the EU (where more modern production sites exist) will be conducted, as well as the potential setting up of group purchasing platforms (in compliance with EU competition law).

A **Polymers for Europe Alliance** website will be live by the end of June 2015 in partnership with Polyglobe and the Swiss based King & Spalding law firm through the website of Polymer Comply Europe (www.polymercomplyeurope.eu/what-we-offer/polymers-europe-alliance). Companies and trade associations will have the opportunity to join free of charge as soon as the website goes live.

Mr. Ron Marsh will lead the Alliance towards its strategic objectives and report to the EuPC Steering Committee.

"All plastics converters in Europe will now have the possibility to rate their polymer suppliers on specific customers' criteria and some basic commercial and ethical rules will hopefully be reinstated. The best polymer supplier for Europe will be announced next year in 2016 during the EuPC Annual Meeting in Lyon, France. Hopefully the situation will have improved by then" said Ron Marsh.

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About EuPC

EuPC is the leading EU-level trade association, based in Brussels, representing European plastics converters. EuPC now totals 51 European plastics converting national and European industry associations; it represents close to 50,000 companies, producing over 45 million tonnes of plastic products every year. The European plastics industry makes a significant contribution to welfare in Europe by enabling innovation, creating quality of life for citizens and facilitating resource efficiency and climate protection. More than 1.6 million people are working in EU converting companies (mainly SMEs) to create a turnover in excess of €300 billion per year. For press related questions, contact Marguerite.Korenblit@eupc.org or call +32(0)273 963 79.