



Worldwide polypropylene market last year carried a volume of 45 million tons and a value of approximately 50 billion euro - according to a new study from Ceresana Research. During the next few years, there will be a considerable increase in PP capacities and an improved supply of the preliminary product, propylene. The more intensive competition will barely be able to decelerate the expected growth in prices: several tens of thousands of processing companies stand opposite of about 100 PP major providers with more of the market power, all over the world.

The clearly increasing costs of raw materials, energy and transportation are especially driving the price of PP and arresting the demand. Ceresana is expecting that PP revenues will more than double by 2016, on account of higher

prices and greater sales volumes. An even further reason for the ongoing in sales growth is the additional turnover of qualitative and valuable types of PP and the increasing consumption of expensive copolymers.

Especially in China and India, new factories are constantly being developed: Within the next five years, manufacturing capacities in both countries will be expanded by more than 7.5 million tons. It can be already seen today that the Asian Pacific is the region with the largest share in PP production and consumption: the emerging countries have large, even when slow, dwindling cost advantages due to lower prices of raw materials and wages, as well as lower environmental and industrial safety regulations. Asia accounts for the largest demand in the packaging and automobile industry for PP, like in the rest of the world. The persistent demand from other growing regions, like for example the construction and textile industries or the medicinal field, caters likewise for the ever expanding consumption of PP, despite the general growing inflation and rising plastic prices. Smaller Asian suppliers will however be urged increasingly out of the market, or will otherwise be bought out from larger corporations.

High growing rates can also be observed in South America and Eastern Europe. Saudi Arabia, Iran and the remaining Gulf nations are growing the most however, those not wanting to become suppliers of more than just raw materials. Large PP production facilities are being constructed in order to provide high-priced finished products. At the same time they construct massive PP production plants, in order to come into the world market, providing products of higher added value.

In the next five years, the

Middle East will more than double itself in its manufacturing capacity of PP. Although domestic demand within the Arab nations continues to remain low, export values will become superior:

The Middle East is progressing to become one of the most important suppliers of PP and is expected to contest especially the American manufacturers and the interested export

markets in China and India. A newer and rapidly strengthening player is Kazakhstan, profiting mainly from its abundances in raw materials.

Throughout Canada, the US and Western Europe, small PP factories with capacities of less than 200,000 tons will continue to shut down. At the same time, the largest production facilities will be expanded even further. However, over the next few

years the importance of the established industrialized countries as PP exporting nations will continue to diminish. Since their market prices are higher as compared to competitors from China or Saudi Arabia for example, traditional PP manufacturers are therefore faced with significant challenges.

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