



## PP Thriving and Well

PP is on a roll - literally. For the first time, the body of the new Smart "Fortwo" is being manufactured entirely from Polypropylene (PP), as are, too, the bumpers and dashboard of the new Fiat 500. This most versatile of plastics is constantly being used in an increasing number of applications. Ice-trays, drinking straws, washing machines, stadium seats, carpets, sporting clothes, surf boards, luggage, diapers or syringes: these days, all are made of polypropylene, invented some 50 years ago. Huge amounts of PP are used for modern packaging purposes, which has led to a considerable reduction in food spoilage. By comparison: in technologically less developed nations, up to one half of all food is lost to spoiling. The light, nontoxic material is usually easily recycled. It saves weight and often improves the ecological balance of products. PP is increasingly being used as a substitute not only for conventional materials such as glass or metal but also for other, relatively expensive plastics, e.g. polyester or PET.

**Mega-consumers in the East**  
Especially in China and India, new factories are constantly being developed: within the next five years, manufacturing capacities in both countries will have expanded by more than 7.5 million tons. Already the Asian Pacific region accounts for the largest share in PP production and consumption: lower raw material prices and laxer environmental/industrial safety regulations in the emerging countries still yield significant - albeit slowly eroding - cost advantages. As in the rest of the world, the bulk of PP consumption in this region goes towards packaging and to the automotive industry. The persistent demand from other growing regions, such as, 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, increasingly be urged out of the market, or will otherwise be bought out from larger corporations like Sinopec or PetroChina.

### Middle East Revs Up

Rapid expansion can also be observed in

South America and Eastern Europe. However, Saudi Arabia, Iran and the remaining Gulf Nations are gaining ever more ground in this fast growing area. These players aim to become more than merely suppliers of raw materials; large-scale PP production facilities are being constructed in order to provide high-priced finished products, and products with a higher added value. Teldene, for example, is currently commissioning a new plant with a yearly capacity of 400,000 tons in Saudi Arabia; Ibn Zahr is starting off this year alone with an expanded 500,000 ton production capacity. In the next five years, the Middle East will more than double its PP manufacturing capacity. Although domestic demand within the Arab nations continues to remain low, export values will show a vigorous growth: 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.

### North America and Western Europe: Losing ground?

Throughout Canada, the United States and Western Europe, small PP factories with capacities of less than 200,000 tons will continue to shut down. Innovene is expected to close a factory this year in the Norwegian area of Bambe. Yet, at the same time, the largest production facilities are being even further expanded. Borealis, for example, is currently doubling its output in the Bavarian area of Burghausen. However, over the next few years the importance of the established industrialized countries as PP exporting nations will continue to diminish. Since market prices here are higher as compared to competitors from, for example, China or Saudi Arabia, traditional PP manufacturers are facing significant challenges. In order to develop innovative products, they need to improve - their production efficiency

through better manufacturing methods, expanded distribution networks, a greater range of services for customers, and a closer cooperation with the manufacturing industry

### Worldwide Growth

As the newest study from Ceresana Research shows, last year's worldwide PP market carried a volume of 45 million tons and a value of approximately 68 billion US-Dollars (50 billion Euros). 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 is like to fan the expected growth in prices: tens of thousands

of processing companies depend on about 100 PP major providers with more of the market power, all over the world. The marked increasing costs of raw materials, energy and transportation are especially driving

up the price of PP, and arresting demand. PP revenues are expected to more than double by 2016, on account of higher prices and greater sales volumes. An even further reason for the ongoing sales growth is the additional turnover of qualitative and valuable types of PP and the increasing consumption of expensive PP copolymers. The present study comprises 900 pages of essential data on this rapidly growing market. It offers 100 company profiles for current and future manufacturers around the world, and the development of 64 nations is clearly detailed in specific country profiles. Additionally, it provides information about technical characteristics and application areas with regard to the different varieties of PP, and also gives an overview of relevant laws and environmental regulations. The market report is now available in English or German, exclusively from Ceresana Research: [www.ceresana.com](http://www.ceresana.com)

