

French and German Plastics Packaging Industry facing important challenges

Bad Homburg/Paris, May 6, 2011 – Representatives of the German and French Plastics Packaging Associations met in Paris on April 19, 2011. Both Association's Presidents, Roland Roth of the German Plastics Packaging Association IK and CEO of RKW SE and Dominique-Paul Vallée of the French Plastics and Flexible Packaging Association ELIPSO and CEO & Managing Director of BERICAP France discussed the association's current issues.

Apart from the overall economic situation, the agenda also included questions about energy efficiency, vocational and further education and the environment. But, the most essential theme of the moment concerned the raw material supply and price issues.

Over the past year, the prices of all plastics have been strongly and steadily increasing. Supply has been very tense in 2010, with a lot of declarations of "force majeure" from the suppliers. From 2011, less cases of shortage have been declared, but the frequent postponing of deliveries has led to higher costs at converters and has been very difficult to manage.

To make matters worse the quarterly contracts for feedstocks of the polymers - ethylene and propylene - have been suspended since January 2009. The consequence is that the prices of polymers are changing almost every month -



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instead of being fixed for at least a quarter. Our industry is now facing new challenges because of the monthly changing raw material prices, and since the raw material costs can account for up to 80 per cent in the plastics packaging industry.

Insofar liquidity is a new and pressing issue that plastic packaging manufacturers have to face and, for some companies, the rising cost of feedstocks has had disastrous financial consequences.

In view of this situation ELIPSO and IK came to the conclusion that new solutions in relation to raw material supply have to be found in order to be able to manage these challenges. Since plastic prices change every month our industry is forced to consequently take this development into account in view of their business operations. An additional solution in the future could be hedging.

At the same time the market should be brought to greater awareness that the risk concerning the costs for raw material is not to be borne by the packaging producers only.

Apart from that, ELIPSO and IK are optimistic about the future of the plastics packaging industries in both countries.

The Presidents agreed upon a regular cooperation concerning various issues, e.g. a stronger publication of the diversity of plastics packaging well adapted for consumers and environment, greater commitment to energy efficiency and better attractiveness of skilled young people for the plastic packaging industries.



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ELIPSO represents plastic and flexible packaging manufacturers in France. With 130 members, it has 75 - 90% representativeness among the different sectors that make up those industries. The plastic and flexible packaging industries in France employ 40.000 people in 320 companies, with total annual turnover of 7 billion euros. These industries are active in every industrial and retailing sector. - Contact: Carole Carpentier, Tel: +33 (0)1 46 22 33 66, c.carpentier@elipso.org

IK Industrievereinigung Kunststoffverpackungen e.V. represents with over 300 members 80 % of the German plastics packaging market. The plastics packaging companies in Germany employ more than 90.000 people, with total annual turnover of about 12 billion euros. IK is involved with the interests of the entire plastics packaging industry in Germany. - Contact: Heike Richter, Tel: +49 (0)6172 / 92 66 68, h.richter@kunststoffverpackungen.de