



Brussels, 27 October 2022

Uncertainties and Tensions on the EU Market for Polymers

PRESS RELEASE

The [Polymers for Europe Alliance](#) issued a Press Release in January 2022 highlighting all the issues that had plagued the plastics industry (manufacturers and converters alike) since the arrival of Covid with its accompanying lockdowns. These included acute material shortages, disruption to well-established supply chains, unprecedented price increases, unpredictable fluctuations in demand, and escalating energy costs. Some of these issues (in particular, the availability and cost of many commodity polymers) were starting to show modest signs of improvement. However, one issue which was then emerging was proving to be particularly pernicious and that was “energy surcharges”. These were not only obviously unwelcome in themselves, but were structured in such a way as to be virtually impossible to recover further down the supply-chain. Traditionally, costs of this type are incorporated in indices and often reflected in agreed pricing formulas with converter customers. Then, of all times, it was particularly difficult to introduce to hard-pressed customers the notion that there was now an additional “surcharge” covering costs that were thought to have already been incorporated in normal negotiations, which had also to be passed on.

This point seemed to be generally recognised by material manufacturers and most of these surcharges were withdrawn.

It is therefore especially regrettable that this type of increase has re-emerged in some places in recent weeks. At a time when suppliers’ hedging arrangements are infinitely variable and the impact government support to control energy costs is also anything but clear, it is putting converters in an impossible position to ask them to endeavour to pass these costs down the supply chain. Absorbing them at some of the levels proposed would eradicate industry margins.

It seems highly regrettable that this issue should once again come to the fore at a time when, despite the war in the Ukraine and some of the Climate Change issues having to be addressed, some semblance of normality appeared to be returning to the plastics supply chain.

It is very much to be hoped / expected that wiser counsels prevail and these surcharges are once again removed from suppliers’ negotiating armoury.

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About Polymers for Europe Alliance

The Alliance was initiated by the European Plastics Converters association (EuPC) during its General Assembly in May 2015. It is an online, confidential information platform open to all parties who have an interest in the competitive conversion of polymers in Europe. Its objectives are to provide factual public information on the status of the polymer supply situation in Europe and to re-establish a constructive dialogue with the supply base. The initiatives of the Alliance also include the Best Polymer Producers Awards for Europe. <http://www.polymercomplyeurope.eu/pce-services/polymers-europe-alliance>

About Polymer Comply Europe (PCE)

PCE is a service provider for the plastics industry specialised in EU legislation. Since 1989 we have been closely working with the industry developing an in-depth knowledge and wide experience in EU Regulatory Compliance, Association Management and Projects & Studies. Due to the increasing complexity of EU legislation, companies can benefit from more legal and technical advice. Companies involved in the plastics industry can get support on how to cope with this burden and our experts can provide you with the best expertise. You will receive informed advice from our best EU experts. For this we decided to develop a pool of EU plastics experts under our service company Polymer Comply Europe, based in Brussels. www.polymercomplyeurope.eu

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