AMI

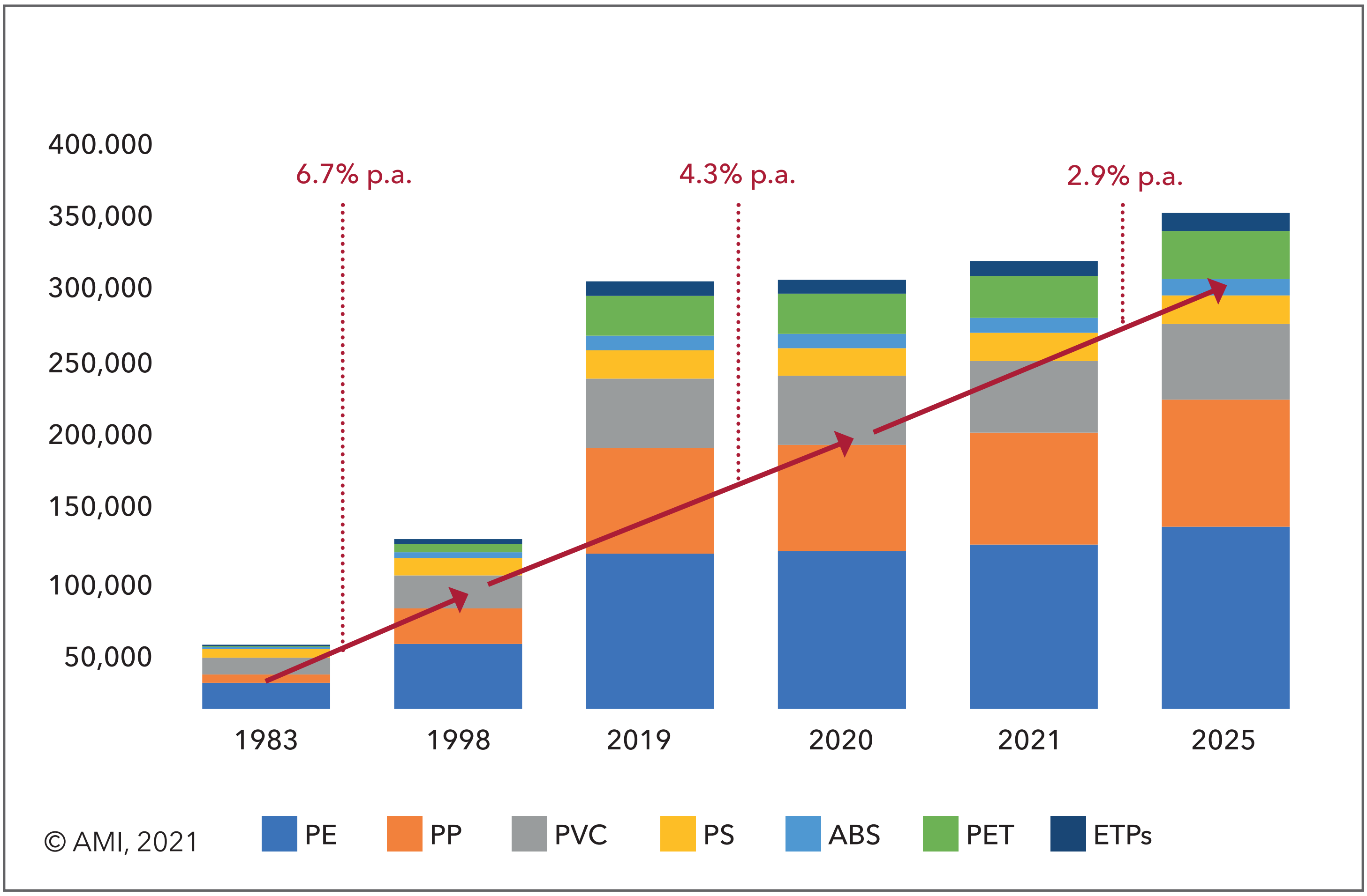
Current polymer demand trends

A summary of the global plastics industry

Expert market research & data for the global plastics industry

Plastic materials have been a growth success story over the past 50 years with all polymer types and all world regions seeing their usage grow. We anticipate that this forward momentum will continue in the future, but the industry will increasingly face challenges which will dampen demand. The main factors are relative maturity in developed markets such as Europe and North America, where many of the opportunities for growth already have a high level of penetration.

Total polymer demand 1983-2025



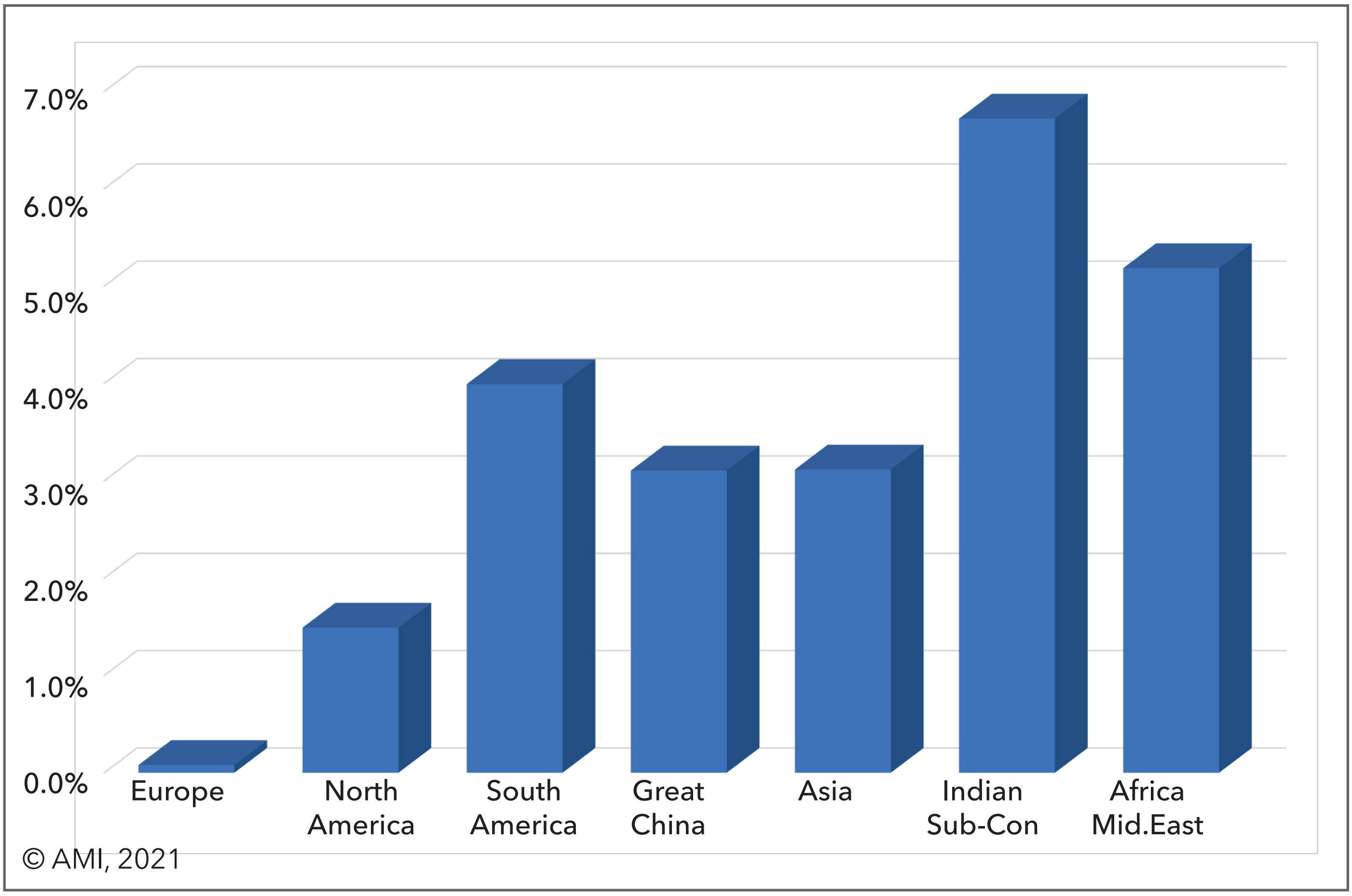
However, the industry does face unprecedented challenges beside relative maturity. In particular, the pressure of the circular economy and the discussion around sustainability have placed plastics as the enemy compared with traditional materials. It may well be that this perception is false, but in a world where the discussion is based on emotions rather than scientific fact, the medium-term future will mean growth opportunities are harder to find.

That being said, the Covid-19 pandemic may have reminded many commentators about the value which plastics give in most applications. The likely conclusions is that specifiers will be increasingly called upon to justify their material choices.

The benefits of plastic remains, ease of design, light weight (energy efficiency) and ease of manufacture will continue to be an advantage which our complex societies require. This overall evaluation is the reason we still see prime polymer demand growing in almost all countries of the world. The fastest volume growth will be in India and Africa/Middle East as these relatively large and populous regions rapidly develop a more sophisticated economy. In comparison, as has been mentioned, areas like Western Europe, North America, Japan and parts of Asia are increasingly fully developed. However, there are still opportunities for growth in these regions as more sophisticated lifestyles and consumer needs drive demand for labour and time-saving products.

However, the benefits of plastics, particularly their light weight and low cost, will mean they will continue to play a key role in targeting carbon emissions and reducing the longer term impact of climate change.

Contribution to global polymer growth

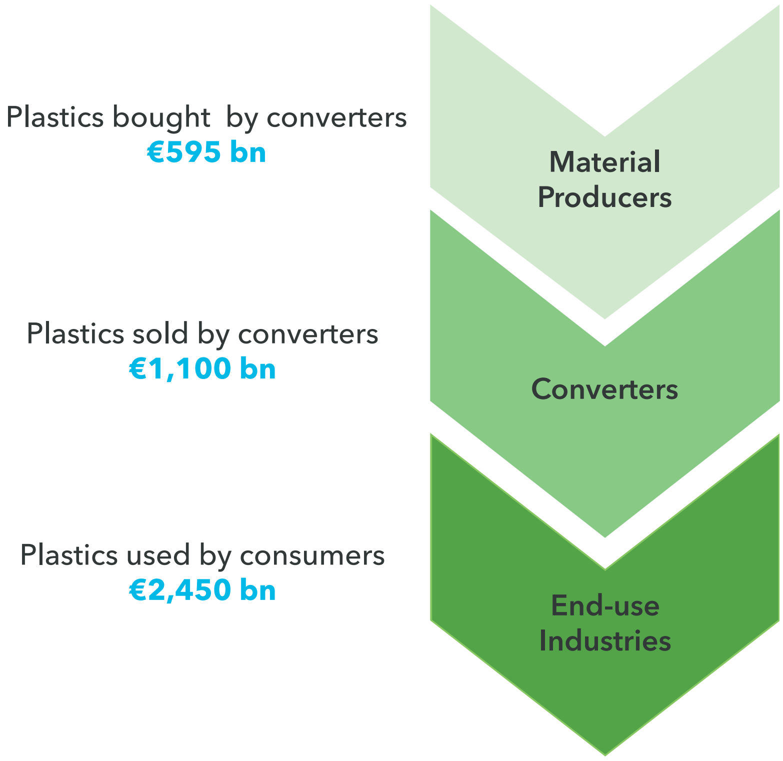


The plastics industry is a value-added industry

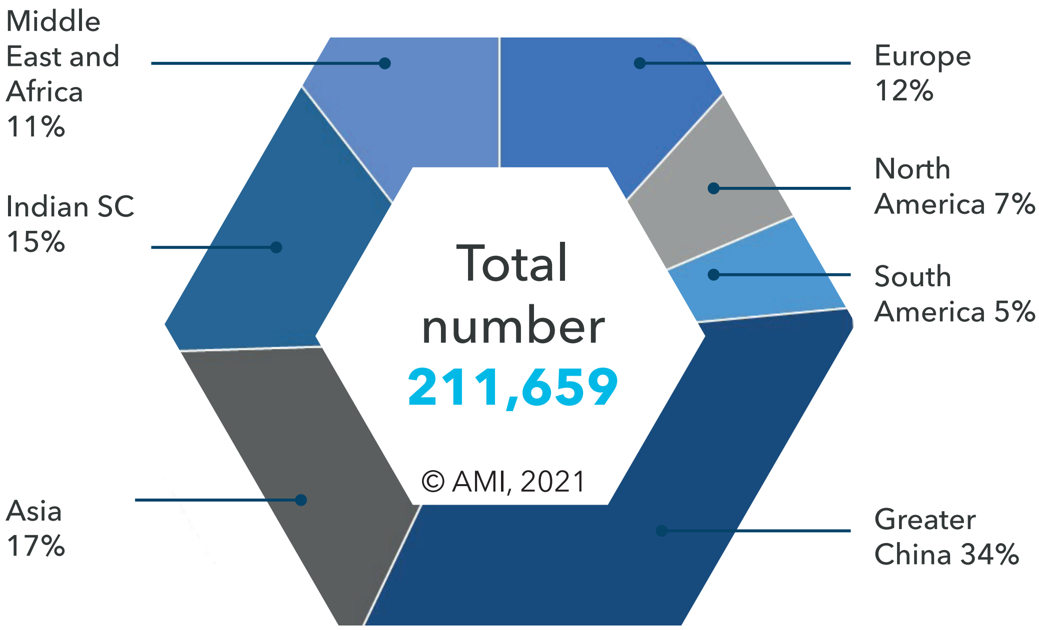
The value of plastics sold globally increases four-fold on its journey from the polymer producer to the consumer to reach an estimated value in 2020 of €2,450 billion.

Packaging accounts for close to 50% of global polymer demand in tonnage terms. However, it is markets such as automotive, medical, and electrical and electronics that see the highest value added.

The socio-economic role of the plastics industry is considerably underestimated by governments and regulators. In most countries, the plastics industry is the second largest industry and employer with more than 211,000 processors worldwide.



Global distribution of processors

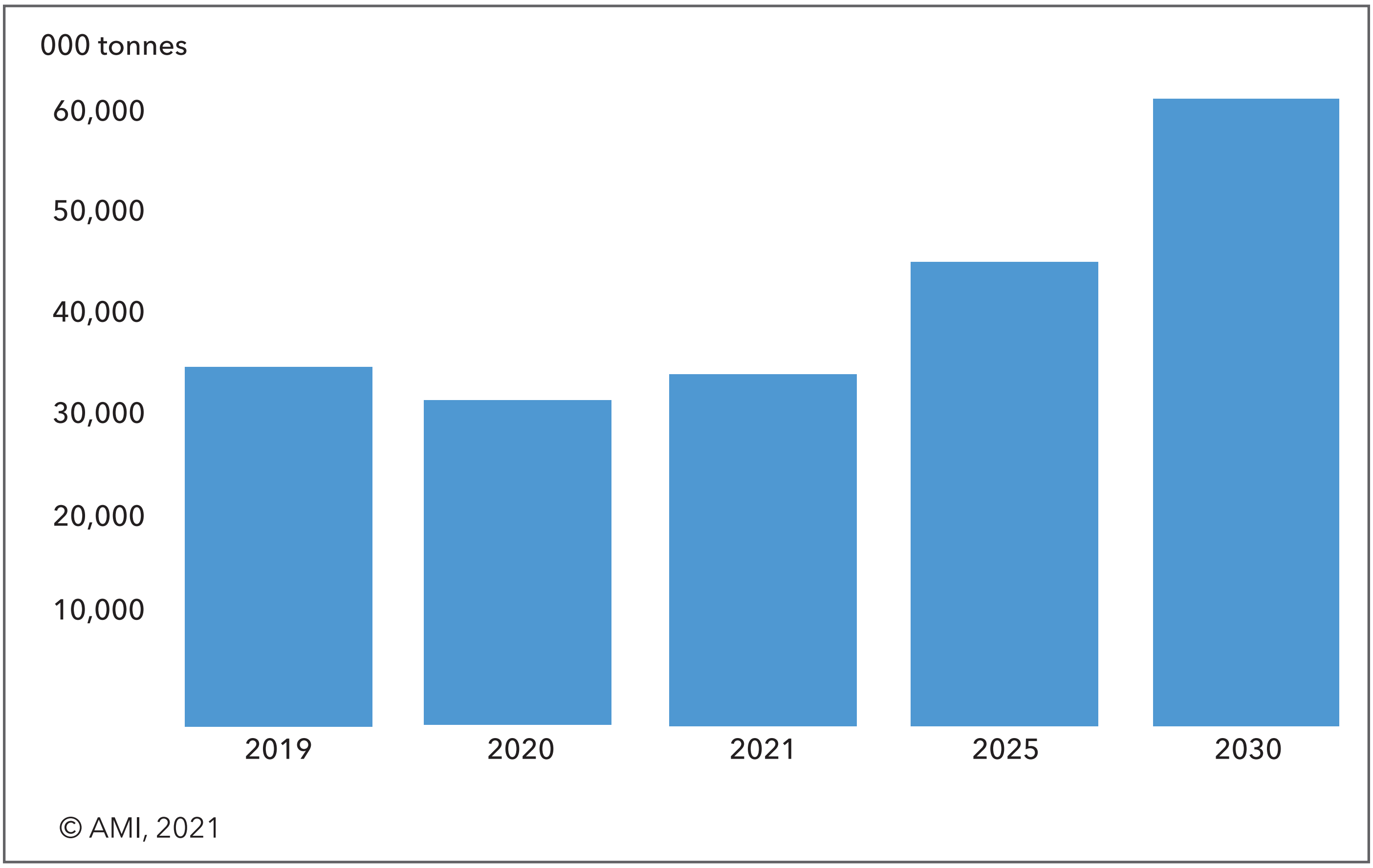


Based on 2020 data

Asia, including China, accounts for nearly 70% of the global processor base in numerical terms; the more mature countries of Europe and NAFTA less than 20%. This can, at least in part, be attibuted to the higher level of consolidation in these more mature polymer markets.

The previous charts focused on virgin polymer, but the future market will also see increasing volumes of mechanically recycled resins used for a wide variety of goods.

Global production of recyclate by polymer 2019 to 2030



This usage will be driven by both legislation and also consumer pressure (as global brands search for the "halo" of being perceived as environmentally conscious). But the result is that the global processing industry will learn to use "refreshed" resins in areas where currently virgin resins are the norm. The immediate areas of greatest focus are packaging but increasingly all areas where polymers are used will feel the heat of this trend. This will mean that by 2030 recyclate increase will outpace virgin resin growth achieving rates in excess of 5% per year in this time period.

In volume terms, this will see an increase of nearly 30 million tonnes of recyclate by 2030, with PET and polyethylene the main resins impacted by this advance. As the next ten years move forward the recycling of polymers will also include moves to chemical recycling where both large and small-scale technologies are becoming available.

In conclusion, the role of polymers in the world will not diminish in the future but will grow and advance. However, the nature of the polymers used and the structure of the industry will experience a significant shift which companies will need to track if they are to develop sustainable and profitable strategies.

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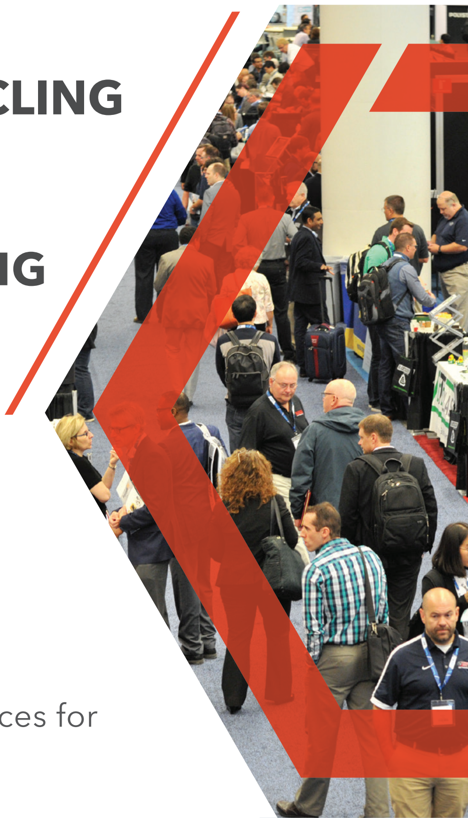
POLYMER TESTING WORLD EXPO



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