

Press Release

No Easing expected at the Price Front

Brussels, 2012-10-16 – Printing ink manufacturers in Europe are still dealing with difficulties caused by high raw material prices. Costs of chemical supplies needed for the production of printing inks are at an all-time high. During 2010 and 2011 raw material prices especially for binders and pigments went up by more than 10 % per quarter. Over the two year period an 80 % price increase was realized by the raw material suppliers. Since early 2012 the growth rate of cost increases has declined, but nevertheless raw materials of all kinds remain extraordinarily expensive. Printing Ink manufacturers reported overall raw material price increases in the region of more than 15% in 2010, with further rises of additional 15% in 2011. The first half year 2012 showed comparatively “moderate” increases of only 3% to 5 %. The third quarter 2012 seemed to indicate raw material price stability.

Many organic pigments for the printing ink industry are sourced from China and India where a surge in domestic demand put limits on the material available for export in 2010 and 2011. Commodities like titanium dioxide and carbon blacks are also very tight, as a consequence of plant closures and significant increases in demand for these materials.

The European Printing Ink Association (EuPIA) noted some months ago that as a result of the economic crisis of the years 2008 and 2009, raw material producers had drastically reduced their production capacities. Less profitable plants were closed and workforces reduced. The sudden revival of the global economy and the increasing demand from emerging countries meant that orders could not be met. Unfortunately the production capacities of crucial chemicals have been scarce in the past two years. Furthermore, raw material suppliers are still very reluctant to build new plants. Especially in Europe the inclination for investment is low.

Raw materials make up approximately 50% of the overall cost in the production of printing inks. It is therefore inevitable that these higher commodity prices will have a major impact on the profitability and the resilience of the producing companies. As in the past, the EuPIA members continue to reinforce their efforts to absorb higher costs through internal process optimisation measures, improving recipes and increasing efficiencies. However, it must be realised that cost has been escalating across the whole range of raw materials for 2 years with no short-term relief in sight.

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