

## **Under pressure: Plastics manufacturers confronted with extremely high prices for energy and raw materials**

**Towards the end of the year, the PVC industry is still confronted with the difficult supply situation and the ongoing price increases on the market. Force majeure statements continue. Prices for electricity and gas rise incredibly. The situation hits the whole plastics industry value chain hard.**



The supply situation for polyvinyl chloride and other important polymers is still difficult: Plastics manufacturers are continuously faced by major challenges due to the severe shortage of important raw materials and continuing extreme price increases. Additional 81 force majeure statements have been reported by raw material producers in the period between January and September 2021.

In addition to the bottleneck on the raw material market, gas and energy prices are rising worldwide with dramatic consequences for the entire value chain of the plastics industry. According to the German Chemical Industry Association (VCI), prices for electricity and gas increased by four times throughout the last year<sup>1</sup>. The dynamic increase of energy prices is alarming.

The raw materials market relevant for IVK Europe member companies, PVC, plasticizers, and additives, has reached a critical point. Temporary shutdown of production plants still occurs. Furthermore, we still face the lack of imports from North America and Asia. For member companies, the collapse of margins is dramatic.

Due to this precarious situation, IVK Europe member companies have to extend delivery times, allocate delivery quantities and in some cases even have to reject orders. Member companies have to pass the increased raw material prices to their customers.

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<sup>1</sup> [Energiepreise explodieren - Verband der Chemischen Industrie e.V. \(VCI\)](#)

The plastics industry does not expect any improvements of the situation before the mid or end of next year.

### **IVK Europe e.V.**

IVK Europe represents the common interests of companies producing sheets made of plastic and caoutchouc for a multitude of applications. IVK Europe is the voice of its members on political and social level, in Europe as well as in the member states. The focus of the organization's work is on pursuing the interests for the material PVC and its substitutes.

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