



*Brussels, 6 April 2021*

To: Mr. Thierry Breton, Commissioner for Internal Market

Cc: Ms. Ursula von der Leyen, President of the European Commission

Ref: Raw material shortage threatening production of essential goods in Europe

Dear Commissioner,

At this moment, the European plastics converting industry is facing severe shortages of raw materials and extreme price increases that are not only threatening the economic survival of numerous SMEs but endanger the production of countless products, ranging from applications in the building and automotive industry to essential goods for the food and pharmaceutical supply chains.

Manufacturers of plastic products are experiencing serious bottlenecks in the supply of raw materials since the beginning of this year. Delivery problems have become increasingly widespread: raw materials such as Polypropylene, Polyvinyl Chloride and Polyethylene and special additive plastics such as Phthalates that give unique properties to products and are crucial in the recipes. The serious market disruptions currently taking place all over Europe are a symptom of the structural imbalance in Europe between the local production of and demand for raw materials and additives. Without restoration of that balance, periodic recurrence of gross disruption of the production chain is highly likely. Ultimately, the end customers also suffer damage due to disruptions in the delivery of (semi-)finished products.

Europe is a net importer for rubber and plastic raw materials and is therefore extra vulnerable to market disruptions. The current shortages are caused by the improving global economy in combination with exports of plastics from Europe to Asia and North America. Logistical problems due to a shortage of containers to Europe also contribute, as does the lower production of plastics in the USA. Furthermore, the demand for certain raw materials used for protective articles against COVID-19 is extremely high. On top, we see an unprecedented great number of declarations of force majeure.





The more than 50,000 SMEs that form the plastics converting industry are under severe pressure, still recovering from the effects of the COVID-19 pandemic and now faced with a raw material scarcity that not only dramatically increased their cost of production but threatens to stop it altogether. Recent surveys amongst plastics converters in several Member States have shown that more than 90% of them are affected by this supply crisis and many are forced to reduce their production and accept less or no new customers to be able to honour their existing agreements. If this situation continues further, the supply of essential goods for the food and pharmaceutical industries will no longer be guaranteed.

In many cases, a switch to recycled material is only feasible to a limited extent. In several applications, legal safety regulations, technical hurdles, and quality requirements currently prevent the wider use of recycled materials. Especially for the mentioned essential goods. Recyclates are not available in sufficient quantities and consistent quality yet. Where recyclates are established alternatives, prices are rising significantly to parallel virgin material - and availability is declining.

It is therefore with great urgency that we call upon you to consider additional financial support measures in the EU Recovery Plan for the plastics converting industry to ensure the production of essential goods keeps running and job losses in Europe can be avoided. Short-term relief measures could be the reduction of EU import duties on polymers or financial aid for companies that have to stop their production due to the lack of raw materials such as polymers and / or additives. Important long-term goals should be to reduce the dependence on raw material imports and possibly review and extensively analyse the current levels of force majeure declarations in Europe.

We remain at your disposal for more information and would be glad to set up a call to discuss the situation in more detail.

Yours faithfully,

Renato Zelcher  
EuPC President

Alexandre Dangis  
EuPC Managing Director

