

GLOBAL PRESSURE SENSITIVE MATERIALS FORECAST

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President and CEO

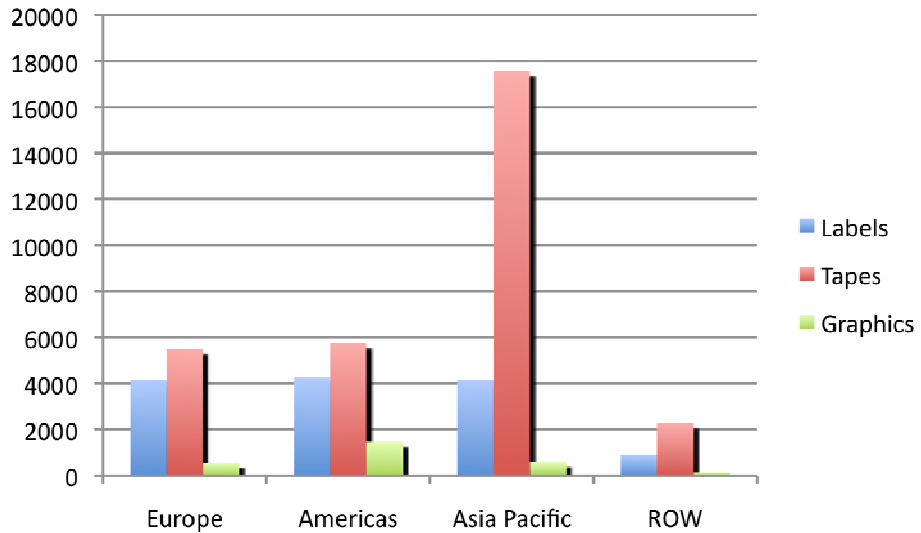
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Cincinnati, Ohio

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The global pressure sensitive materials industry is estimated to consume 47,271 million square meters in 2010 and experience 5% average annual growth rates for the next five years. Asia Pacific has emerged as the largest producer of pressure sensitive materials accounting for 47% of global production primarily due to China's emergence as a low cost producer and major exporter of commodity tapes.

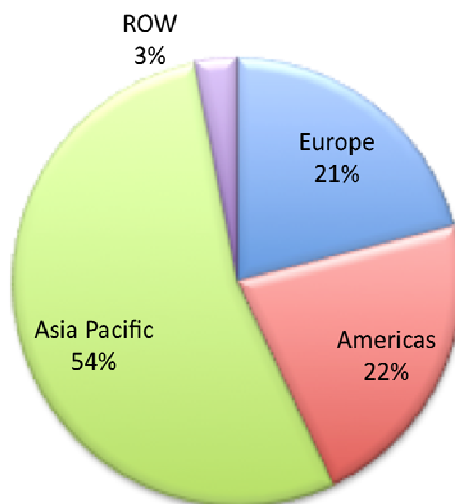
Tape production accounted for 66% of all pressure sensitive materials, while labels and graphics made up 28% and 6%, respectively.



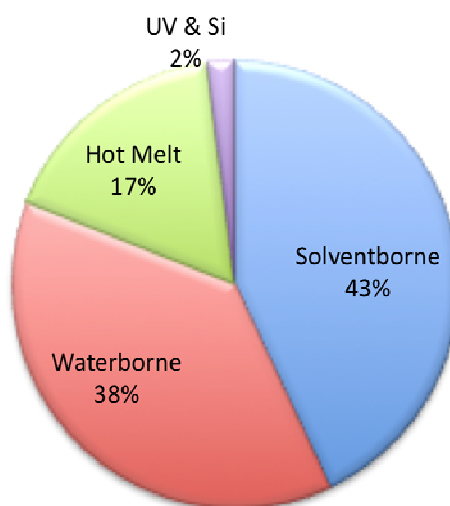
In turn, the demand for pressure sensitive adhesives reached \$2.4 billion globally on the merchant market. This does not reflect own captive production of adhesives by tape and label producers, which would add an additional 40%-50% to the total.

Regional breakdown of merchant adhesives production illustrates the emerging dominance of Asia Pacific's producers as they garnered 54% of the global demand, followed by the Americas at 22% and Europe (EU 27) at 21% of the market share respectively.





Not too surprisingly, solventborne technologies maintain their dominance with 43% share of merchant PSAs. Waterborne (38%) and hot melt (17%) technologies continue their march towards offering environmentally friendly solutions but specialty applications remain squarely in the corner of solventborne technologies. Radiation curing UV technologies and silicone pressure sensitive adhesives for specialty applications e.g. medical and electronics make up the balance 2% of total demand.



Regulatory pressure will undoubtedly continue to create opportunities for environmentally friendly alternatives. Japan reportedly is promulgating two laws, which by the end of the decade will create “black swan” opportunities for pressure sensitive materials and adhesives producers. The first will require the industry to lower VOC limits to less than 120 parts per million, while the second is related to post consumer recycling requiring producers of consumer goods from autos to electronics to disassemble and recycle their components.



About the Author



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Dan joined The ChemQuest Group, Inc. in 1996 from the Rohm & Haas Company where he was most recently European Director, Industrial Coatings. Prior to R&H, he spent thirteen years with Unocal Polymers where his career took him from technical service positions to Director of Marketing. He directed the sale of the Unocal Polymers Business to Rohm & Haas, working closely with Morgan Stanley, numerous attorneys, as well as the FTC. His entire career has been dedicated to the Coatings and Adhesives Industries. His particular strengths lie in strategic assessment and value creation on behalf of clients. He holds degrees from Wabash College (BS Chemistry) and William & Mary (MBA). Contact Dan at (513) 469-7555 or dmurad@chemquest.com

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