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Cover Story

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Excerpts from... “International Resins Update: Manufacturers Struggle to Maintain Margins”

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.....The global resins market is valued at approximately \$30 billion and totals 8 million metric tons, or 18 million pounds, according to **Dan Murad, President and CEO of The ChemQuest Group**, a management consulting firm located in Cincinnati, OH. The geographic breakdown follows the same breakdown as for the coatings market, with about one-third in North America, one-third in Europe, 20% in Asia, and the remainder scattered throughout the rest of the world. Growth rates for resins used in paints and coatings typically track with GDP. Therefore, in the U.S. the rate is about 2.5%, and in Western Europe it is 1-2%. China is the one region where demand is increasing significantly. The growth rate there is about 9-11%, according to **ChemQuest**.

Resin producers around the globe have felt the impact of the rise in raw material and energy prices that occurred through 2005. While many of the raw materials for resins, such as ethylene, isocyanates, and bisphenol A have stabilized, the cost of crude oil and natural gas remains high. Most resin manufacturers were not able to pass all of the price increases on to their customers. As a result they began 2006 with margins compressed. “Even though resin makers have done a pretty good job of passing on price increases, with such a steep climb in prices like that experienced recently it can be very difficult to keep pace. As a result, margins are suppressed 5-10 points,” says **Mr. Murad**.

(To read the complete article...see *JCT CoatingsTech Magazine* – March 2006 issue...”International Resins Update: Manufacturers Struggle to Maintain Margins)