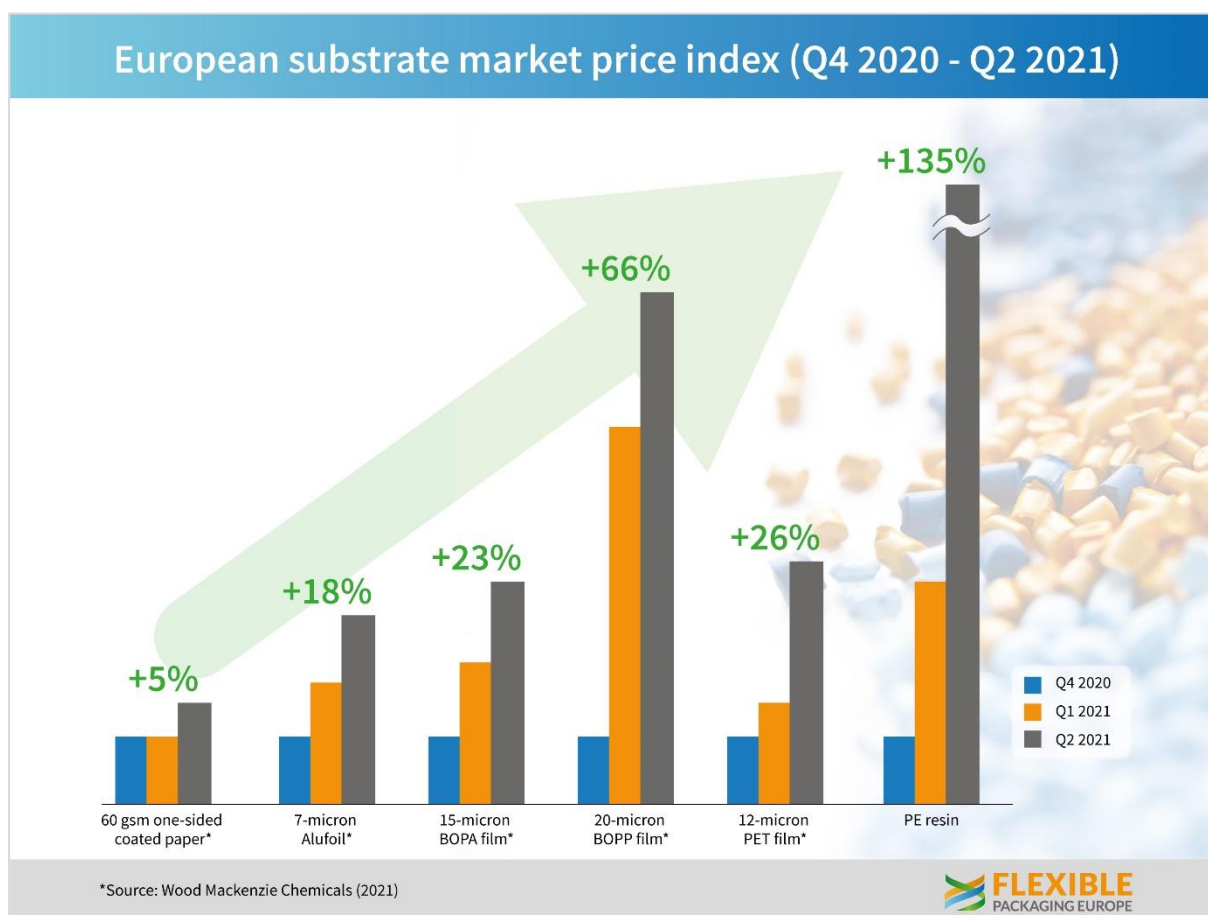


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Continuous raw material supply difficulties of great concern to European Flexible Packaging manufacturers

The continuous difficulties of raw materials supply are creating a potential risk to the stable supply of food, pharmaceuticals, and medicals, which worries the members of Flexible Packaging Europe (FPE).

Rates of all raw materials used for flexible packaging showed a historic increase over the past six months according to data from Wood Mackenzie’s quarterly flexible packaging overview. Examples of those drastic increases are more than 130% for PE resins, almost 70% for BOPP film or 18% for aluminium foil. In addition, freight rates both for sea from and to Europe and land transportation within Europe rocketed provided availability.



Rob Gilfillan, Head of Applications at Wood Mackenzie, a Verisk business (Nasdaq: VRSK), notes “The strong increase across all materials hits not exclusively the flexible packaging industry but all industries. The main reason is the immediate and simultaneous recovery everywhere in the world and in most sectors towards the end of the pandemic. Any unforeseen incident like seaway blockages, production interruptions and other unfortunate circumstances could immediately worsen the precarious situation.”

At its recent summer meeting in June, more than three quarters of the participating FPE members rated the current availability of raw materials as 'bad' or 'very bad'. The expectations for the raw material price developments diverged from further increase (23%) to stable (41%) and decrease (36%).

"The concourse of basically all materials necessary for production is creating major issues and complexities for our member companies. The manufacturers are doing their outmost to serve the customers in the best possible way, but it is continuously difficult as mainly the availability is tightening further," explained Guido Aufdemkamp, FPE's Executive Director. "This challenging situation is anticipated to last until the end of the year while we hope there will be no further supply chain or geo-political hick-ups. The ongoing shortage might ultimately also be reflected in product delivery bottlenecks and price adjustments in retail, and thus also for end-consumers."

Almost half of the Fast-Moving Consumer Goods (FMCG) in Europe, excluding beverages, are packed with flexible packaging. Examples include all kind of packaged foods, pet food, personal, household care products, medical and pharma all rely on flexible packaging.

Further information:

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About Flexible Packaging Europe

Flexible Packaging Europe (FPE) is the industry association representing the interests of more than 80 small, medium-sized companies, and multinational manufacturers. Those operate with workforce of 57,000+ people at more than 350 sites all over Europe. The member companies account for more than 85% of European sales of flexible packaging made of different materials, mainly plastics, aluminium, and paper. More than half of all food products sold on the European retail markets are packed with flexible packaging. More info at www.flexpack-europe.org

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