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Combination of high levels of raw material and energy prices and availability concern the European Flexible Packaging industry

Energy and raw material prices were already on very high level but surged even further after the beginning of the war in Ukraine. Those increases combined with availability issues have serious financial impacts on the flexible packaging supply chain. All main substrates used for flexible packaging such as plastics, paper and aluminium are concerned but also adhesives, lacquers and inks. The industry is confronted with the high energy prices in their direct operations manufacturing flexible packaging and logistics.

Even though the cost share for logistics is less than in other packaging sectors due to the low product to packaging ratio of flexible packaging and very efficient transportation (usually on reels) the absolute increase is very significant. Reports from forwarder associations even show the risk of reduction of available logistic capacities as companies will have to give up their operational business due to high diesel prices.

“The level of cost increases due this situation for manufacturers of the flexible packaging industry cannot yet be assessed completely but we are convinced that the peak is not reached yet,” commented Guido Aufdemkamp, Executive Director of Flexible Packaging Europe the situation.

“Main difficulties for our membership are the high uncertainty of serious pricing to their customers as many suppliers to the industry change their rates even after fixed delivery confirmation. Non-acceptance of such increases is often penalised by non-delivery or non-availability of the next order. Compared to the supplier and customer industry our sector is in a certain sandwich position. Furthermore, liquidity issues are of growing concern in particular for small- and medium-sized companies. That is combined with insufficient credit insurance lines due to high raw material prices.”

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 such as pet food, personal, household care products, medical and pharma which 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