

## PRESS RELEASE

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### Import tariffs expected to catalyse polymer demand growth in the coming years

*AMI Consulting, Bristol 11<sup>th</sup> April 2018* – **Polymer Demand in NAFTA** is AMI Consulting's most recent edition in the Polymer Demand series, providing a comprehensive analysis of the polymer markets across the USA, Canada and Mexico.

The report covers the third largest regional polymer market in the world and includes the world's second largest economy in terms of purchasing power parity. Home to some of the industry's leading polymer producers with pioneering production capabilities, the technological prowess in the US has enabled development across the entire plastics supply chain. The recent developments in shale gas extraction have stimulated the polymer market in NAFTA through provision of cheap polymer feedstock and facilitating an increase in domestic manufacturing productivity by virtue of low energy and operation costs. A 58% increase in natural gas extraction is forecast between 2017 and 2040 which suggests that the US will have a raw material and electric power cost base that is on a par with that in the Middle East.

In the context of the growing degree of globalisation, market maturity, elevated environmental awareness, the success in the automotive industry combined with a growing penetration of plastic in flexible packaging and a resurgence in construction activity, the plastics industry has been enabled to prosper in the North American market. Polyethylene, in particular linear low-density grades, have been spearheading the rise in film demand for flexible consumer and industrial packaging largely due to its enhanced mechanical properties enabling downgauged.

The emerging economy of Mexico has played an important role in driving the plastics industry forwards and has witnessed growth above that of the regional average. A growing middle class with more expendable income, a large export economy that competes at a global level and legislative reforms geared towards developing the Mexican economy have been instrumental in the nation's polymer demand increase above 3%/year in the five years leading up to 2017.

The automotive industry is showing signs of maturity with 2017 seeing the first year since 2009 that US output did not grow. However, the automotive industry continues to attract investment and Mexican production has remained strong. There still remains opportunities for plastics to penetrate the automotive industry with incorporation of functionality features such in built satnavs, onboard computers and cameras as well as improved material grades that facilitate light weighting.

The ongoing NAFTA negotiations cast a degree of uncertainty on multiple industries as trade tariffs may come into effect therefore impacting the supply chain. However, efforts are being made to support general development across the region through protectionist policies and fiscal stimulus which is expected to catalyse growth in the plastics industry.

Overall growth of the North American polymer market is forecast to be 2.7%/year through to 2022, with a moderate variation between the slowest growing market of Canada and the fastest growing of Mexico.

**Polymer Demand in NAFTA** is an AMI Consulting data report. It provides detailed statistical data on the demand and end uses for all major thermoplastic materials on a country by country basis with forecasts until 2022. It covers all the issues affecting the industry and is designed to assist the reader in anticipating change within this broadly diverse continent.

The report has been developed through decades of knowledge accumulated through AMI's position as a leading plastics consultancy and conference company for the global market. This latest report by AMI provides a comprehensive analysis of the markets most significant players. It splits demand by polymer, process and end use. The report covers every aspect of the market from the overall structure of the industry, the economic environment, country specific industry commentary as well as process and polymer specific commentary. The report by AMI Consulting packages the market into a format easily absorbed by any reader. The breakdown and depth delivered by AMI Consulting is unparalleled in the market of polymer analysis.

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