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PRESS RELEASE

Optimism for BOPP Film market in face of Covid-19 supply side turbulence.

The BOPP film industry is facing a number of challenges creating significant trading turbulence; resin price fluctuations, trade tariffs, trade barriers and currency shocks all affect working capital and business planning. Companies are acting more cautiously than in previous years in the face of this economic turbulence and financial risk. The Covid-19 pandemic has exacerbated this, with disruption to raw materials supply and distribution logistics.

Even with this multitude of factors being present, the BOPP film industry has seen an improvement in margins overall since its low point of two years ago thanks to a reduction in overcapacity and more favourable raw materials prices.

Investment in capacity continues apace. While for much of the 21st century the main focus of investment has been in China (by far the largest market), the fastest growth in investment in recent years has been in India. India has seen capacity nearly double over the past five years, driven by the opening up of its retail sector, growth in middle classes and associated consumer spending on packaged food and other goods. Recent BOPP investments are in large high-speed lines, averaging above 45,000 tonnes/year nameplate capacity. The report provides detailed insight into these investments around the world, and the utilisation rates each year as this new capacity comes on stream.

Sustainability is the main “news” story of the last two years, according to AMI’s detailed research across global BOPP suppliers. Downgauging continues, and recyclability is key to future business planning in every region. However, huge disparities exist between regions in terms of concrete actions addressing recycling and sustainability goals which can directly affect BOPP producers. AMI research finds that Europe and North America are the most advanced in their approach to sustainability with the implication that enterprises who export to these regions need to adapt and innovate to trade effectively in the future. Simpler films are now perceived to be advantageous and many BOPP suppliers are reacting to capitalise on this in an environment which has widely felt growing negative consumer sentiment towards plastics in general.

Large manufacturers notably Jindal Poly Films and Taghleef, are making acquisitions to increase their geographic footprint and extend their speciality portfolios. At the same time, Western markets continue to be challenged by the threat of cheap imports and a higher volume of international trade. Consolidation in the flexible packaging market is also creating more powerful customers.

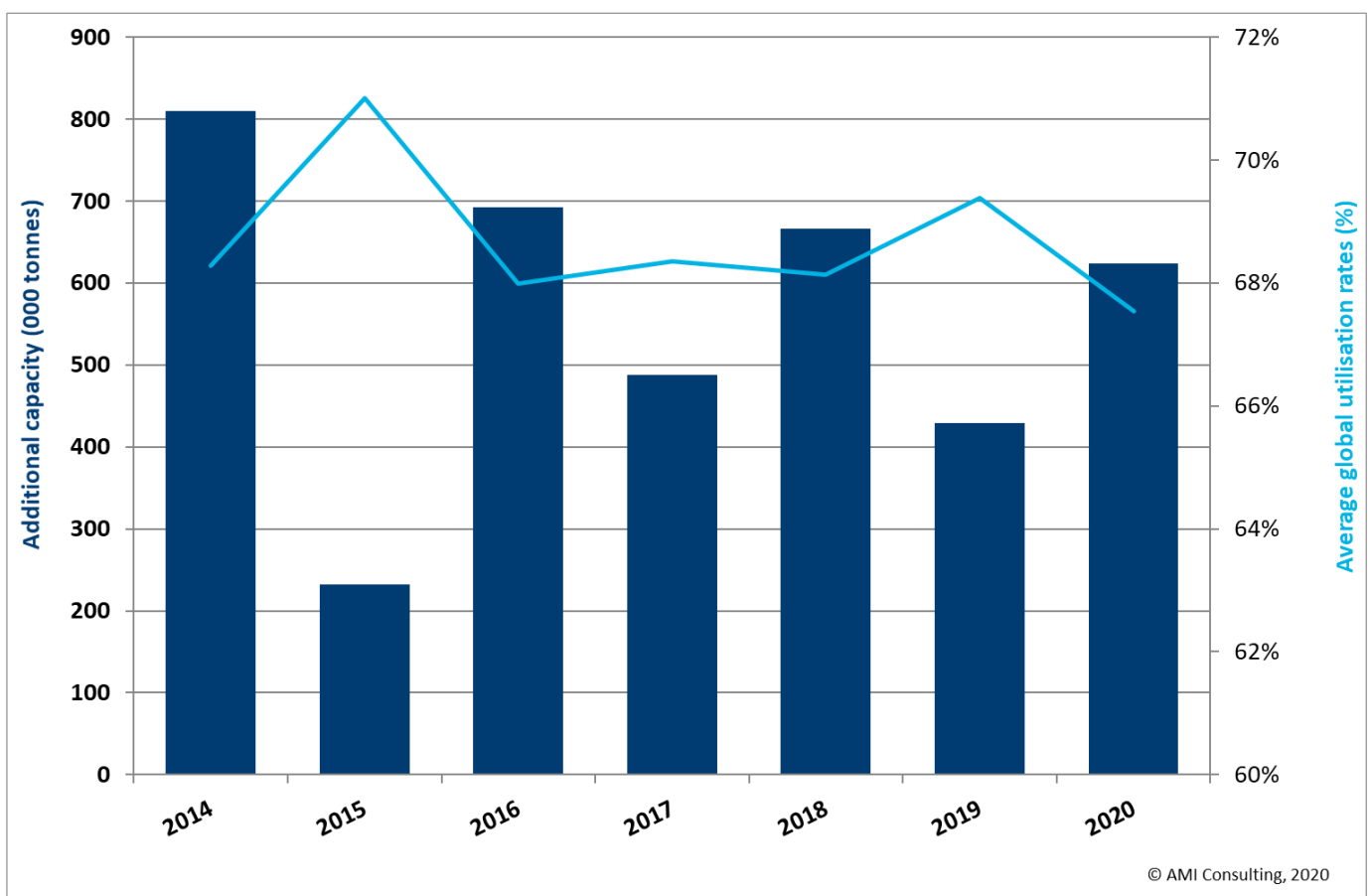
Demand for BOPP film continues on a growth trajectory, despite Covid-19 slowdown experienced in other plastics markets, given its important role in primary food packaging and its core functional characteristic as a cost-effective barrier protection. Packaged foods are largely considered to be recession-proof, and growth in packaged foods markets around the world will continue to be a key driver for future demand. This is particularly so in emerging markets experiencing population growth, urbanisation and rising incomes. The five-

year compound annual volume growth rate for the global BOPP film market 2014-2019 was 4.6%, which added just over 1.5 million tonnes of demand and increased the global market to over 9 million tonnes.

ECommerce is expected to continue expanding share over traditional retail channels. This is resulting in rising demand for tapes and label films and has been further accelerated by the Covid-19 pandemic.

These are some of the findings of AMI Consulting’s latest report on the status of the global BOPP film industry just published in 2020.

AMI is forecasting continued advancement, at around 4%/year to 2024 giving rise to global demand of over 11 million tonnes.



The ninth edition of AMI’s highly regarded *BOPP Films – The Global Market* report is the result of an extensive research program, providing a detailed independent assessment of this industry in times of uncertainty. This authoritative report quantifies capacity, production and demand for BOPP film for food packaging and non-food applications as well as the different film types in each world region with a historical context and a five-year forecast.

[BOPP films - the global market 2020](#) is a detailed market report from AMI Consulting. For further information please contact Andrea.Jenn@ami.international at Tel: +44 (0)117 924 9442