

## Press Release

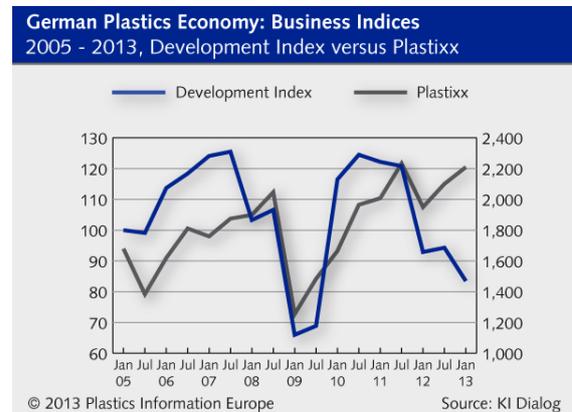
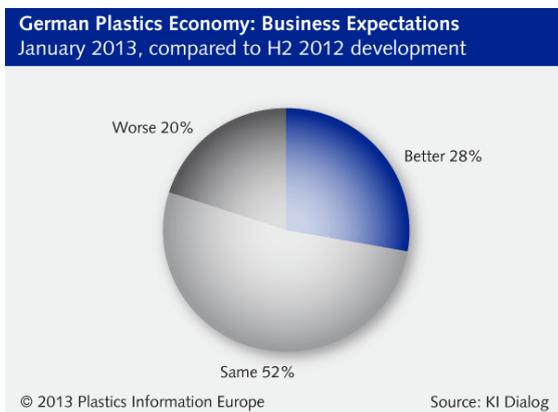
### **German plastics economy: Business weakens more than expected in the second half of 2012 / Export trade deteriorates / Capital spending and employment still on a high level / Industry's expectations now higher**

**Bad Homburg, January 30, 2013** – As expected by many in mid-2012, the plastics economy in German-speaking Europe could not escape the cooling trend across much of Europe and Asia in the second half of the year. Only 20% of companies participating in the semi-annual “KI Dialog” readership survey of PIE’s German-language sister publication *Kunststoff Information*, reported that business in H2 was better than in H1, while 43% said it was worse.

Despite this, the industry’s expectations for the first half of 2013 are positive. The economic indicators appear to be pointing upward again. This is all the more surprising considered that business was already on a relatively high plateau, that was reached with surprising speed after the severe recession of 2008-2009. The only downside is that polymer prices are still pointing upward, too, despite sinking demand.

Some 56% of the 536 KI readers returning the newsletter’s questionnaire were plastics converters, with producers and distributors / traders accounting for 9% and 11% respectively. Machinery manufacturers, manufacturers of semi-finished products, users and recyclers accounted for 5% each. Around a quarter of the companies had more than 500 employees, 30% had a headcount of 101-500 and another 30% counted 21-100 workers. Small firms with under 20 employees represented 10-15%. The largest companies, led by polymer and machinery producers, were the most export-oriented but, on the whole, two-thirds of the poll’s participants exported less than half of production.

Altogether, domestic business was stronger than the export trade for the companies responding. Around 44% said exports had weakened, while only 36% said the same of domestic sales. By contrast, about 23% said both domestic and export business had improved. Among multinational companies, the picture was mostly evenly divided. Looking ahead, some 31% of the KI readers believe export momentum will increase in the first half of this year against last year's second half, with only 19% expecting a weakening. Some 27% indicated that domestic sales were likely to pick up, with 20% saying the sales balance would deteriorate. Consequently, the expectation index value for positive development rose from 83.3% in H2 2012 to 91.6% for H1 2013. Interestingly, in the last survey, for the third consecutive time, the readers' forecasts were right on the nose.



Since 2005, the KI/PIE Plastixx index for European polymer price development has mostly been in line with the publications' development index. When the economy pointed downward, so did polymer prices, and vice versa. In boom year 2007, the trends diverged, and it seems that this was the case for H2 2012 as well. The KI/PIE development index fell from 94.5% in the year's first half to 83.5%, while the Plastixx rose 5% to more than 2,200 points.

**PIE – Plastics Information Europe**

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