

## Composites UK statement on the crisis in the raw materials market

The UK composites industry is facing unprecedented challenges, the most exceptional and severe in its history. Due to a series of events, raw material availability is worsening across Europe and Globally. Market demand remains high and this is driving material prices up at rates never previously seen. These feedstock cost increases are at a level that manufacturers cannot absorb and so finished product price rises are inevitable whilst the situation continues.

- There are currently 32 force majeure notifications in place affecting the industry. This is an unheard-of situation and means that supply is extremely restricted.
- There is strong local demand in China and the effect of US sanctions on the Chinese industrial strategy has reduced availability of raw material from Asia – material is being used in China rather than exported. Furthermore the recent closure of the Suez Canal has added to the difficulties in importing bulk feedstock from Asia and the Middle East to Europe.
- Record bad weather in the USA has caused the closure of multiple refinery and chemical processing plants with 100% loss of capacity for a number of products-
- The oil price has doubled since December 2020 – [Brent Crude Oil latest price chart](#)
- Additional non-tariff costs related to the new customs arrangements with the EU are adding to the cost of imported raw material into the UK from Europe.

The impact is across all resin systems and speciality chemicals so affects all parts of the composites industry. Imports of fibre reinforcement and catalyst have also been affected.

It should be noted that material shortages and price increases are not limited to the composites sector:

- Steel prices have risen by £260 per tonne since July 2020. A number of factors have created these unprecedented market conditions, including increasing costs of raw material, lower levels of scrap and post-Brexit impacts on imports. The ongoing increase in costs of raw materials has been cited as the primary driver in impacting steel prices – the cost of iron ore doubled between March and December 2020.
- The UK is facing a six-month shortage during the first part of 2021 in its timber supply, according to the Timber Trade Federation and this will impact on timber prices. Timber prices were up by a fifth in January, as reported by the BMF. And imported plywood was up 21% in January 2021 compared to one year prior
- Aggregate (sand, gravel etc) prices have risen 19.1% between Jan 2020-2021

### For more information on raw material prices for the composites sector:

Tecnon Orbichem: <https://www.orbichem.com/>

Independent Commodity Intelligence Services: <https://www.icis.com/explore/>

### **News articles covering the issue:**

[Slow supply chains and strong demand elevate material prices, Composites World](#)

[High prices and tight markets for the European polyester chain](#)

[Attack on Saudi facilities sends oil prices surging](#)

[Texas deepfreeze – the aftermath](#)

[Egypt's Suez Canal blocked by huge container ship](#)