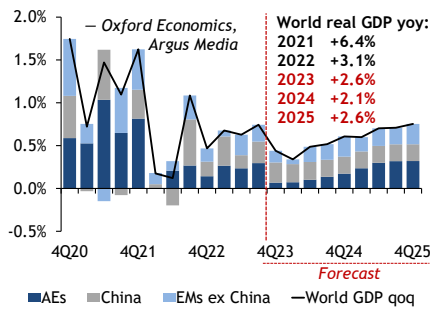


**EDITORIAL: With demand for polymers and recyclates typically closely aligned with GDP, consumer spending and construction, Argus chief economist David Fyfe examines the global economic outlook at the start of 2024**

### Anaemic outlook for global economy



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## The doldrum economy

Recent moves in equities and the US dollar imply that the market has bought into the narrative of imminent and rapid central bank monetary policy loosening. But betting on accelerating global GDP growth for 2024 may be premature, with headwinds likely to constrain activity at rather anaemic levels. December manufacturing PMI data continued the lacklustre trend evident for most of 2023, and Brent crude languishes below \$80/bl despite rising tensions in Gaza and the Red Sea.

Oxford Economics expects global GDP growth to slow to 2.1pc this year, a third of the post-pandemic 6.4pc in 2021. After a surprisingly resilient 2023, advanced economies are feeling the impact of the highest interest rates in 15 years, while pallid export markets and dollar strength have curbed emerging economy growth.

China is grappling with elevated local government and property sector debt, high youth unemployment, foreign capital flight and deflationary pressures, with 2023's "great reopening" having generated muted 5.2pc GDP growth despite a surge of "revenge mobility" and rebounding petrochemical sector output. October's announcement of a \$137bn "special refinancing bond" was aimed at aiding beleaguered local government finances after a squeeze on real-estate sector liquidity. More private-sector fiscal support could follow, and infrastructure construction may grow more rapidly than consumer spending in 2024.

Slowing consumer spending could be a theme in 2024 for other regions too. Peak consumer price inflation in the developed economies has now passed, but absolute prices remain high and household budgets and employment are being squeezed by 4.5-5.5pc policy rates. Policy makers stress the difficulties inherent in returning inflation over the "final mile" to its 2pc target, implying that interest rate cuts – probably from mid-2024 – may only be gradual in nature. The ECB may move earlier than others with the European economy already in quasi-recession.

Consumer reticence has been surprising given the excess pandemic savings accumulated in 2020 and 2021, for which only the US has seen a substantial draw-down. But weakening employment and property markets, plus concentration of the remaining excess – estimated at around \$2 trillion across the US, UK and eurozone, plus a similar amount in China – among higher-income citizens with less marginal propensity to consume, suggest a consumer-led growth fillip in 2024 is unlikely.

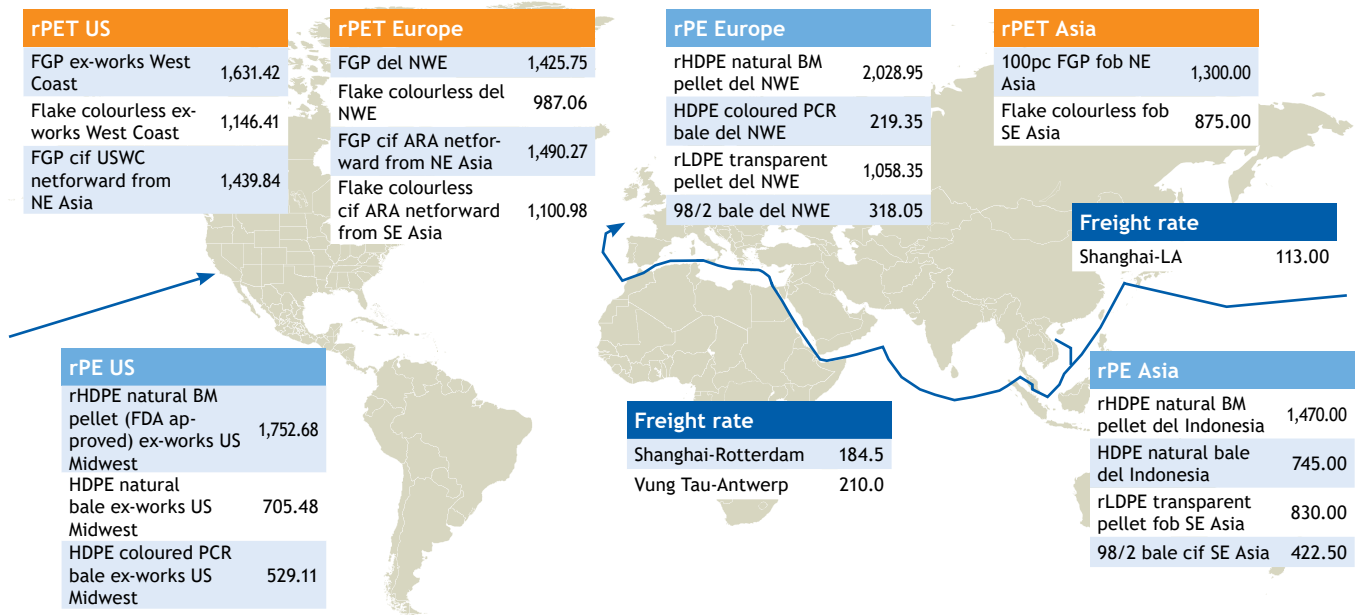
### Gradual easing

Downside risks to this "soft landing" scenario for 2024 include developing economy debt default, although gradual easing from the dollar's exceptional 2022-23 strength may provide a safety valve. Spiralling debt defaults among China's highly leveraged property developers holds similar risks, although Beijing seems to have grasped the need for flexibility in restructuring debt within the sector. And Atlantic basin central banks, criticised for raising rates too gradually post-pandemic, also risk causing recession by keeping rates too high for too long, although the need for gradual loosening has already been acknowledged even if the actual pace of rate cuts may lag current market expectations.

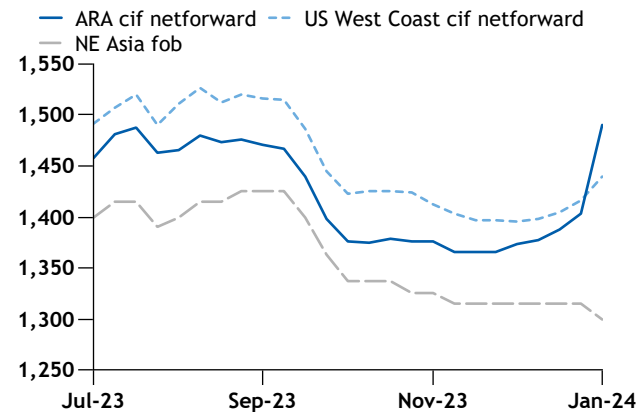
Economic risks aplenty, then, for 2024, although these arguably pale in comparison to political and geopolitical uncertainty, with 40pc of the world's population heading to the voting booths this year, and with ongoing, seemingly intractable conflicts in Ukraine and the Middle East.

GLOBAL PRICES

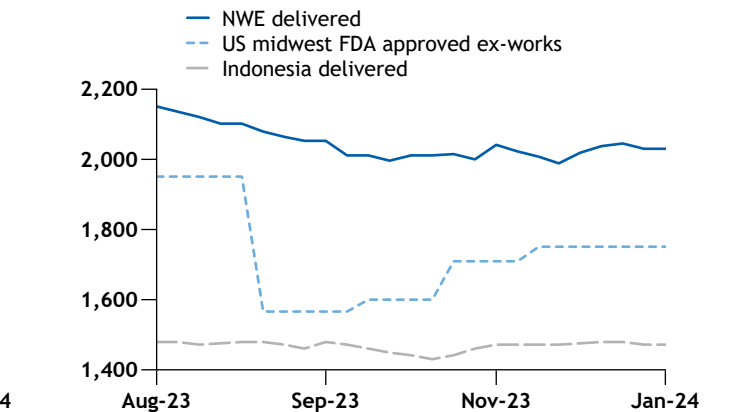
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Global rPET FGP netforwards (basis NE Asia)



Global rHDPE natural prices



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- Europe rPET: Prices on the rise
- rPET US: Pellet demand surge cools
- rPET Asia: SE Asia picks up
- rPE, rPP Europe: Flexible bales fall
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MARKETS UPDATE – rPET – EUROPE

Europe rPET: Prices on the rise

The European rPET market has returned from the Christmas holiday period and market activity is gradually ticking up.

Prices across the European rPET value chain are ramping up. Clear flake and food grade prices are being pushed up by rising bale costs. Recyclers are trying to pass on increases through the value chain but buyers are hesitant and clear flake and food grade prices are not increasing as quickly as bale prices as yet.

Demand at the beginning of January is looking healthier than last year, despite it currently being the off season for packaging consumption. There are reports that buyers who typically purchase virgin PET resin are looking to the recycled flake and food grade markets as alternative material. Enquiries from these buyers are generally for larger volumes. And with virgin prices rising, recyclers are hoping this will continue to increase activity in the recycled market. European virgin PET resin prices increased to €1,090-1,150/t delivered.

There is plenty of availability across the value chain and no concern on supply. Many recyclers decided to undertake maintenance of at least a week over the holiday period. Recyclers then began gradually resuming production in the first week of January, and many are still managing utilisation rates to mitigate ongoing uncertainties. Average operating rates are around 65-70pc across the region.

Many converters and bottlers drew down inventories as much as possible in December to end the year with low stock levels. Buyers are restocking through January, and there is speculation over whether demand will continue to strengthen or if February will drop off as end-use consumption is yet to be reported to be any better than at the end of the year. Wider economic concerns continue to hamper expectations of full demand recovery ahead of the peak season of packaging consumption. But some market participants are confident in the outlook for the year ahead.

Recyclers and food grade producers are expecting that demand throughout 2024 will be stronger than last year as target deadlines approach for recycled content in both regulatory and voluntary commitments. Given the current import situation, buyers are looking to the domestic market to fulfil current demand requirements.

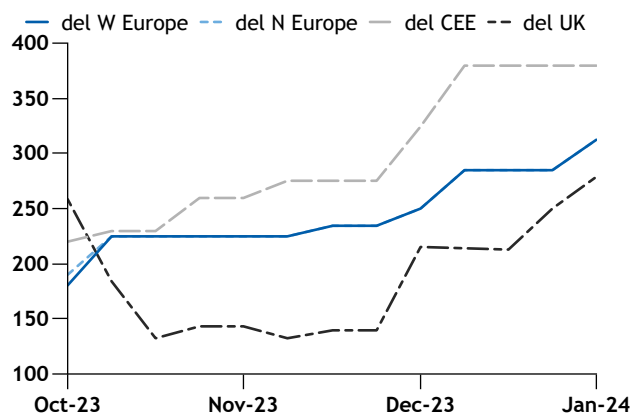
Import prices for flake and food grade material are reported to be increasing owing to rising freight rates as a result of tensions in the Middle East. Cargos are delayed because of the situation. It is reported that alternative routes avoiding the Suez Canal are likely to delay vessels by at least 10-14 days, but additional delays are likely with

Recycled PET Europe market prices					€/t
	Timing	Low	High	Midpoint	Δ
<b>Bale prices</b>					
PET bottle colourless, del W Europe	12-Jan	250.00	375.00	312.50	+27.50
PET bottle colourless, del N Europe	12-Jan	250.00	375.00	312.50	+27.50
PET bottle colourless, del UK £/t	12-Jan	200.00	280.00	240.00	+25.00
PET bottle colourless, del CEE	12-Jan	300.00	460.00	380.00	nc
PET bottle colourless, yellow container, del Spain	1Q24	95.00	197.00	146.00	nc
PET bottle colourless, municipal collection, del Spain	4Q23	-200.00	97.00	-51.50	nc
<b>Flake prices</b>					
Bottle flake colourless, del NWE	12-Jan	850.00	950.00	900.00	+20.00
Bottle flake colourless, del S Europe	12-Jan	850.00	950.00	900.00	+20.00
Bottle flake colourless, del CEE	12-Jan	850.00	950.00	900.00	+20.00
Bottle flake colourless, del UK £/t	12-Jan	650.00	700.00	675.00	+10.00
<b>Food grade pellet</b>					
del NWE	12-Jan	1,250.00	1,350.00	1,300.00	+25.00
del S Europe	12-Jan	1,250.00	1,350.00	1,300.00	+25.00
del CEE	12-Jan	1,250.00	1,350.00	1,300.00	+25.00

some market participants suggesting delays of up to three or four weeks. Uncertainty over the ongoing import situation is strengthening the domestic European market. The situation is unlikely to be resolved quickly so market participants are anticipating that imports may be impacted for at least the first quarter of the year. Importers are trying to minimise costs where possible but import prices are likely to continue to rise as freight rates push higher.

PET bottle bale prices Europe

€/t



MARKETS UPDATE – rPET – AMERICAS

rPET US: Pellet demand surge cools

Stronger rPET pellet demand in the US in December had only a small impact on prices coming into January, and declining bale prices on the US east and west coast could start to pull pellet and flake prices down next month.

An unexpected surge in rPET market activity in December might be tailing off, as reproprocessors and buyers have largely managed to shore up inventories. The increase in demand last month appeared to be caused by concerns that supply of rPET pellet and feedstocks would tighten later this year. But some US recyclers did not see much of an uptick in orders, with higher demand seemingly focused more on imported material. The US west coast rPET pellet price rose by 0.5¢/lb from December to 74¢/lb in January – largely a result of last month’s increase in market activity.

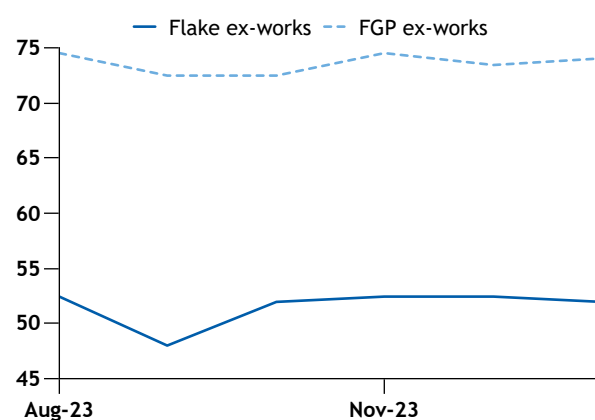
rPET flake values fell by 0.5¢/lb in January, owing to a decline in bale prices on the US east and west coasts during December. A-grade PET bales were unchanged this week at 17¢/lb, although the bale price is 2¢ down since November. East coast bales are unchanged this week at 12.5¢/lb, having fallen by 1.5¢ on 29 December.

Despite falling prices since autumn, bales are still up from summer 2023’s record lows. Strong demand for PET bales in Mexico has pushed up receipts of US bales this winter, as Mexican companies look to build out capacity.

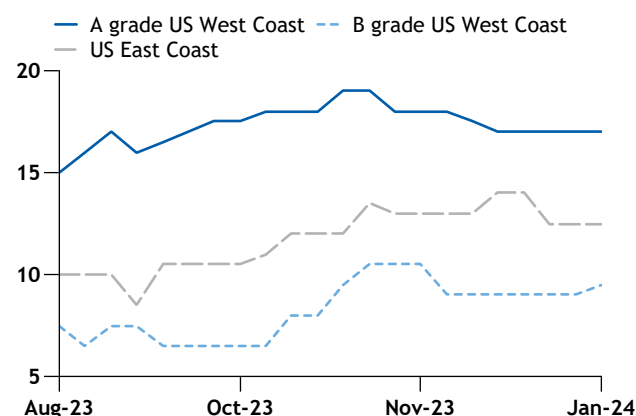
Recycled PET US monthly market prices						ex-works
	Timing	Currency	Low	High	Midpoint	Δ
Monthly						
rPET flake colourless US west coast	Jan 24	¢/lb	50.00	54.00	52.00	-0.50
		\$/t	1,102.31	1,190.50	1,146.41	-11.02
rPET pellet US west coast	Jan 24	¢/lb	72.00	76.00	74.00	+0.50
		\$/t	1,587.33	1,675.51	1,631.42	+11.02

Recycled PET US weekly market prices						ex-works
	Timing	Currency	Low	High	Midpoint	Δ
Weekly						
PET bottle bale A grade US west coast	12-Jan	¢/lb	16.00	18.00	17.00	nc
		\$/t	352.74	396.83	374.79	nc
PET bottle bale B grade US west coast	12-Jan	¢/lb	9.00	10.00	9.50	+0.50
		\$/t	198.42	220.46	209.44	+11.02
PET bottle bale US east coast	12-Jan	¢/lb	12.00	13.00	12.50	nc
		\$/t	264.55	286.60	275.58	nc

rPET flake and food grade pellet prices ¢/lb



PET bottle bale ex-works prices ¢/lb



MARKETS UPDATE – rPET – ASIA-PACIFIC

rPET Asia: SE Asia picks up

The rPET markets in Asia diverged this week, with prices in the northeast declining slightly and demand and prices in southeast Asia increasing.

rPET flake export colourless prices rose by \$50/t to \$850-900/t fob southeast Asia, on growing demand from the US

and Europe, although it remains to be seen whether climbing freight costs will stifle this trade in future weeks.

Bottle bale prices in Thailand also increased this week – to 18.25-19.25 baht/kg. Indonesian bale prices were stable. Market participants said there were more purchases by recyclers for feedstock, in line with higher demand for southeast

MARKETS UPDATE – rPET – ASIA-PACIFIC

Asian rPET flakes and pellets, although spot discussions in the Indonesian bale market were limited at the start of the year and prices were stable at IDR7,900-8,100/kg and IDR6,700-7,200/kg, respectively.

In northeast Asia, there were few rPET pellet trades during low-demand season. Chinese manufacturers offered 100pc rPET pellet at \$1,280-1,300/t fob and concluded a few small deals at \$1,250-1,270/t fob. Taiwanese producers also said most buyers were on the sidelines, having just returned from the new year holiday. Weak demand curtailed negotiations during the week, but some consumers said they were looking at buying some February shipments in late January. Notional discussions for February were at \$1,270-1,350/t fob.

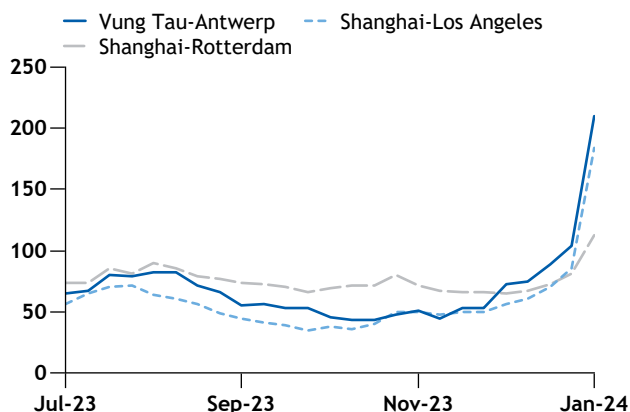
Negotiations for 100pc rPET pellet in the Chinese market were also muted. Manufacturers raised offers slightly to Yn11,000-11,100/t, equivalent to \$1,280-1,290/t, because of higher flake and bale prices. Producers concluded a few small deals at Yn10,800-10,900/t, equivalent to \$1,255-1,265/t, with non-food contact consumers.

But PET flake trades picked up in China, boosted by fiber application. Discussions for premium PET flake rose to Yn7,150-7,300/t on limited PET bale supplies. PET flake producers said their raw material, waste PET bottles, cost more than in October-November because it is now winter.

Recycled PET Asia-Pacific market prices						
	Timing	Currency	Low	High	Midpoint	Δ
<b>North East Asia rPET</b>						
rPET food grade pellets 25pc fob NE Asia	12-Jan	\$/t	950.00	980.00	965.00	-15.00
rPET food grade pellets 100pc fob NE Asia	12-Jan	\$/t	1,250.00	1,350.00	1,300.00	-15.00
rPET flakes domestic China	12-Jan	Yuan/t	7,150.00	7,300.00	7,225.00	+125.00
<b>South East Asia rPET</b>						
PET bottle bale colourless domestic Indonesia	12-Jan	IDR/kg	7,900.00	8,100.00	8,000.00	nc
		\$/t	510.00	520.00	515.00	nc
PET bottle bale mixed colour domestic Indonesia	12-Jan	IDR/kg	6,700.00	7,200.00	6,950.00	nc
		\$/t	430.00	460.00	445.00	nc
rPET food grade flakes colourless fob southeast Asia	12-Jan	\$/t	850.00	900.00	875.00	+50.00
rPET food grade flakes mixed colour fob southeast Asia	12-Jan	\$/t	780.00	830.00	805.00	+50.00

Container freight rates

\$/t



Calculated rPET netforwards					
	Timing	Low	High	Midpoint	Δ
rPET food grade pellet cif USWC - netforward from NE Asia \$/t (20t/FEU)	12-Jan	1,381.18	1,498.50	1,439.84	+23.98
rPET food grade pellet cif ARA - netforward from NE Asia \$/t (24t/FEU)	12-Jan	1,430.47	1,550.06	1,490.27	+87.61
€/t	12-Jan	1,306.59	1,415.82	1,361.21	+81.28
rPET flake cif ARA - netforward from SE Asia \$/t (23t/FEU)	12-Jan	1,054.46	1,147.50	1,100.98	+164.06
€/t	12-Jan	963.14	1,048.13	1,005.64	+150.70

Container freight rates					\$/t
Route	Low	High	Midpoint	Source	
Shanghai-Los Angeles	106.00	120.00	113.00	Freightos	
Shanghai-Rotterdam	175	194	184.5	Freightos	
Vung Tau-Antwerp	190	230	210.0	Freightos	

\*Freight rates used in net forward calculations are adjusted for the specified shipment size per FEU



Argus freight rates are as of the day of publication. Rates derived from Freightos data are of the previous day. Selected polymer spot freight rates are calculated by Argus methodology, based on underlying data from the online freight marketplace, Freightos. Visit [www.freightos.com](http://www.freightos.com) for complete lists of \$/FEU rates in the wider spot container market.

Announcement

The holiday calendar showing which Argus reports are not published on which days is now available online <http://www.argusmedia.com/Methodology-and-Reference/Publishing-Schedule>

## MARKETS UPDATE – RPE/RPP – EUROPE

### rPO Europe: Flexible bales fall

Sentiment among recyclers has improved on average in January, with several reporting solid order entry for recycled pellets – and even some forward orders for February – as their customers restart operations after the holiday period. But true optimism remains elusive and some recyclers have not seen any real pickup in demand.

Most sellers agree that a clear picture is unlikely to emerge until the impacts of longer-than-average Christmas holiday shutdowns, inevitable delays and production issues in restart, and downstream destocking at the end of 2023 have cleared. The latest eurozone manufacturing and construction Purchasing Managers Index reports – while marginally up month on month – continue to show contraction in both sectors. And, despite the peak of inflation having passed, a sudden jump in consumer spending remains unlikely (see *Editorial p1*). But improved demand from seasonal markets such as agricultural film and plant pots, which were very poor in volume terms in 2023, at least suggests that some of the post-Covid destocking has passed.

In the flexible PE market, disruptions to shipping in the Red Sea have weighed on prices for post-commercial bales since the year began, with exporters struggling to pass on higher freight costs to their southeast Asian customers. Prices for 98/2, 80/20 and mixed-colour flexible PE bales fell by €30-40/t last week. Global container freight rates rose again this week, with disruptions continuing, although there were no indications that northwest European bale prices had declined further as yet. UK 98/2 bale prices have also declined, remaining approximately in line with mainland European prices on a net-of-PRN basis. We moved the low end of our shrink hood bale assessment up by €20/t to align the range with the middle of the most frequently-quoted price spread in the market.

The decline in bale prices and pressure from the virgin LDPE and LLDPE market – where prices remain either side of €1,000/t on a spot basis – pushed prices for transparent rLDPE and LLDPE lower this month. In the collation shrink and stretch pellet markets, where transactions are commonly negotiated in advance for the month ahead, the drop came in late December, while prices for standard MFI transparent rLDPE/LLDPE pellets dropped by €30-40/t this week. Prices for rLDPE/LLDPE black pellets, which are well below virgin polymer prices remained steady at €650-750/t.

In the rigids market, some bale sellers were able to move up the lower end of prices for HDPE and PP post-consumer bales by €30-50/t. But increases were not universal, and Argus surveyed buyers and sellers at both the high and low

Europe recycled polyolefins					
	Timing	Low	High	Midpoint	Δ
<b>Bales del NWE (€/t)</b>					
HDPE rigid bale (D329 or equivalent)	12-Jan	120.00	280.00	200.00	nc
PP rigid bale PCR (D324 or equivalent)	12-Jan	70.00	170.00	120.00	nc
Mixed polyolefin bale, PCR	12-Jan	20.00	120.00	70.00	nc
Shrink hood flexible PE bale	12-Jan	480.00	560.00	520.00	+10.00
98/2 flexible PE bale post-commercial	12-Jan	260.00	320.00	290.00	nc
80/20 flexible PE bale post-commercial	12-Jan	120.00	140.00	130.00	nc
Mixed colour flexible PE bale post-commercial	12-Jan	80.00	100.00	90.00	nc
Mixed plastic waste (D350 fraction) del German incinerator*	5-Jan	-100.00	-90.00	-95.00	nc
<b>Bales del UK (£/t)</b>					
HDPE natural PCR bale	12-Jan	620.00	700.00	660.00	-25.00
HDPE coloured PCR bale	12-Jan	280.00	360.00	320.00	-10.00
PP PCR bale	12-Jan	320.00	400.00	360.00	nc
98/2 flexible PE bale post-commercial	12-Jan	360.00	410.00	385.00	nc
<b>Regrenulate prices del NWE (€/t)</b>					
rHDPE BM white, from PCR, deodorised	12-Jan	1,550.00	1,800.00	1,675.00	nc
rHDPE BM natural from PCR deodorised del NWE	12-Jan	1,700.00	2,000.00	1,850.00	nc
rHDPE IM black	12-Jan	650.00	825.00	737.50	nc
rHDPE pipe dark/black	12-Jan	700.00	875.00	787.50	nc
rPP light, packaging, deodorised	12-Jan	1,600.00	1,850.00	1,725.00	nc
rPP grey, high MFI, plant pot and bucket	12-Jan	700.00	875.00	787.50	nc
rPP IM black	12-Jan	625.00	800.00	712.50	nc
rLDPE/LLDPE IM dark/black	12-Jan	400.00	600.00	500.00	nc
rLDPE/LLDPE shrink film transparent	12-Jan	1,060.00	1,200.00	1,130.00	nc
rLDPE/LLDPE stretch film transparent	12-Jan	1,085.00	1,120.00	1,102.50	nc
rLDPE/LLDPE standard film transparent	12-Jan	930.00	1,000.00	965.00	-30.00
rLDPE/LLDPE standard film dark/black	12-Jan	650.00	750.00	700.00	nc

\*Prices are negative when payment is made to the

ends of our published price range this week, resulting in a rollover being assessed. In the UK market, weak demand for HDPE natural bales resulted in further price pressure, particularly at the top end of the range. We moved our assessment range down to £620-700/t, from £620-750/t last week.

Prices for rHDPE and rPP pellets have been steady from December. At the low end of the market, pockets of high stock remain, but recyclers are likely to begin pushing harder to move away from prices at the bottom end of the range if the more solid demand is sustained, particularly if

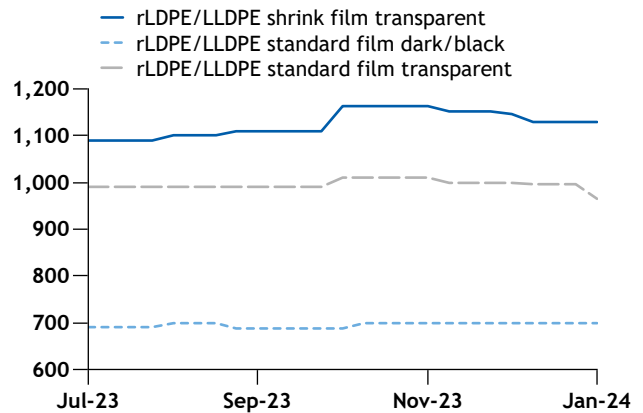
**MARKETS UPDATE – RPE/RPP – EUROPE**

bale prices are beginning to pick up.

In the market for rHDPE and rPP into packaging, reports of demand are very mixed and customer-specific, with some buyers increasing their recycled content in 2024 but others reportedly stepping back from the market. The German government’s delay of its mooted tax/levy on plastic packaging – which depending upon its structure could benefit recycle demand – until 2025 may be seen as a blow. Market participants will be hoping for a positive outcome to PPWR negotiations before the change of European Parliament, to set in law recycled content requirements for 2030.

**Flexible rPE del NWE**

€/t



**MARKETS UPDATE – RPE/RPP – AMERICAS**

**rPP, rPE US: rPP packaging grades rise**

rPP and rPE were mostly steady from December, with the price of only a few PCR packaging grades increasing.

Natural FDA rHDPE was steady this month at 80¢/lb, although some of the highest-quality grades are pricing closer to \$1/lb. Rising prices for mixed HDPE and natural HDPE bales could cause resin prices to rise in February.

Packaging-grade PCR rPP values increased slightly on fresh orders from buyers. FDA rPP values increased by 0.5¢/lb to 78¢/lb and mixed rPP by 2¢/lb to 56¢/lb.

Outside the packaging market, sales of rPE and rPP fell in December and into January, with the holidays.

rHDPE IM and rPP IM were unchanged again this month. The market has been flat for months, as ample stocks and low virgin pricing keep prices for IM material low.

Pipe-grade rHDPE prices have continued to rise, prob-

ably because of increased construction spending and housing starts from 2022. According to latest data from the US Census Bureau, total spending grew to \$2.05 trillion in November, up by 11pc on the year.

Recycler sentiment was downbeat going into January, although improved sales of pipe-grade rHDPE compared with earlier in 2023 was a bright spot for some.

Recycled polyolefins US Midwest weekly market prices						
	Timing	Currency	Low	High	Midpoint	Δ
<b>Weekly</b>						
HDPE natural PCR bottle bale	12-Jan	€/lb	30.00	34.00	32.00	+1.00
		\$/t	661.39	749.57	705.48	+22.04
HDPE coloured PCR bottle bale	12-Jan	€/lb	22.00	26.00	24.00	+1.50
		\$/t	485.02	573.20	529.11	+33.07
PP PCR bale	12-Jan	€/lb	5.00	8.00	6.50	-1.00
		\$/t	110.23	176.37	143.30	-22.05

Recycled polyolefins US Midwest monthly market prices						
	Timing	Currency	Low	High	Midpoint	Δ
<b>Monthly</b>						
rHDPE BM natural, FDA approved	Jan 24	€/lb	77.00	82.00	79.50	nc
		\$/t	1,697.56	1,807.79	1,752.68	nc
rHDPE BM light grey, non-FDA approved	Jan 24	€/lb	55.00	60.00	57.50	+10.00
		\$/t	1,212.54	1,322.77	1,267.66	+220.46
rHDPE dark/black general purpose	Jan 24	€/lb	34.00	38.00	36.00	nc
		\$/t	749.57	837.76	793.67	nc
rPP light grey, FDA approved	Jan 24	€/lb	76.00	80.00	78.00	+0.50
		\$/t	1,675.51	1,763.70	1,719.61	+11.02
rPP light grey, non-FDA approved	Jan 24	€/lb	54.00	58.00	56.00	+2.00
		\$/t	1,190.50	1,278.68	1,234.59	+44.09
rPP dark/black, general purpose IM	Jan 24	€/lb	38.00	42.00	40.00	nc
		\$/t	837.76	925.94	881.85	nc

MARKETS UPDATE – RPE – ASIA-PACIFIC

rPE SE Asia: Prices stable

Import prices for 98/2 LD/LLDPE bales rolled over this week at \$395-450/t. Higher freight rates for shipping European material because of disruption in the Red Sea have not been wholly passed on to southeast Asian bale importers.

Southeast Asian recyclers stuck with their wait-and-see approach, keeping rLD/LLDPE pellet export prices at \$815-845/t fob southeast Asia at the start of the year.

The Indonesian rPE market was stable, with limited trade. rHDPE prices were steady at IDR22,500-23,100/kg. Weak downstream consumption persisted from the end of 2023, particularly in the retail sector. Indonesian domestic HDPE bale prices rolled over at IDR11,200-12,000/kg.

Recycled polyolefins Asia Pacific market prices						
	Timing	Currency	Low	High	Midpoint	Δ
South East Asia rPE						
HDPE rigid bale PCR domestic Indonesia	12-Jan	IDR/kg	11,200.00	12,000.00	11,600.00	nc
		\$/t	720.00	770.00	745.00	nc
98/2 flexible PE bale, post commercial cif SE Asia	12-Jan	\$/t	395.00	450.00	422.50	nc
rHDPE natural, from PCR, domestic Indonesia	12-Jan	IDR/kg	22,500.00	23,100.00	22,800.00	nc
		\$/t	1,450.00	1,490.00	1,470.00	nc
rLDPE/LLDPE standard film, transparent. fob southeast Asia	12-Jan	\$/t	815.00	845.00	830.00	nc

SUSTAINABLE FEEDSTOCKS

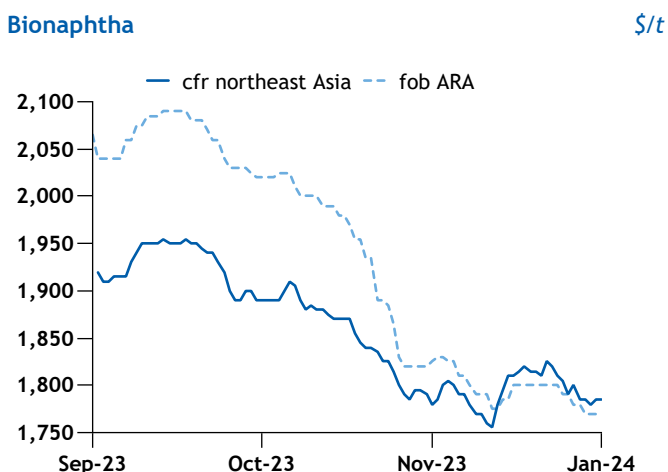
ARA bionaphtha market quiet

The fob ARA range used cooking oil (UCO)-based bionaphtha market was subdued in the first part of January, with values still indicated below the \$1,200/t premium to conventional naphtha mark.

Demand for hydrodreated biofuels is thin in northwest Europe, with low renewable fuel ticket prices continuing to weigh on spot demand for road transport, and interest from the voluntary petrochemicals sector low.

In northeast Asia, a Japanese trader picked up some bionaphtha, but volume and price were not reported. A South Korean petrochemical producer has been deadlocked in talks for 2024 volumes since December. Bids and offers remain wide, but the spread has narrowed around a mid-point of \$1,785/t cfr NE Asia, reflecting softer European HVO and bionaphtha markets.

Bionaphtha Snapshots				\$/t
	Timing	Low	High	Δ
Bionaphtha fob ARA	Jan 24	1,795.00	1,805.00	-25.00
Bionaphtha cfr Northeast Asia	Jan 24	1,800.00	1,820.00	+5.00



Argus Biofuels coverage

Please see Argus Biofuels for daily bionaphtha prices, and prices, commentary and analysis from the global biofuels market. See <https://www.argusmedia.com/en/bioenergy/argus-biofuels> to find out more.



## MARKETS UPDATE – RPVC EUROPE

### rPVC Europe: Pressure on powder prices

Northwest European prices for mixed-colour rPVC fell slightly at the upper end from December, under pressure from slow demand and an increase in average discounts for virgin PVC contract prices.

The price of mixed colour rPVC micronised powder declined to €700-800/t on an ex-works northwest Europe basis, down from €700-850/t in December. The assessment for mixed-colour rPVC regrind also fell, to €500-600/t, reflecting a reported €200/t differential between regrind and micronised powder. UK micronised powder prices were steady, although there is likely to be pressure for sellers to reduce offers, with participants already reporting offers from mainland European sellers – owing to the positive arbitrage between the two markets – as early as November and December last year.

Prices were squeezed by weak demand. Mixed colour micronised powder is largely targeted at the pipe industry, which is less active in winter when cold weather hampers construction, particularly outdoor and underground work. And a drop in average net contract prices for virgin PVC was also probably a factor, with recyclers often competing against virgin material. Virgin PVC contract price adjustments for 2024 resulted in a series of double and triple-digit price reductions across different accounts between December and January, depending on k-value supplied, price starting position and size of the customer.

The price of white rPVC pellets was stable at €950-1,100/t. White rPVC has a more specialised set of feedstock and production requirements, which gives producers a stronger footing to defend their prices. And although prices are higher than for virgin PVC in absolute terms, buyers are able to save money on additives and masterbatches by buying material that has already been compounded for use in the profile industry.

Converters are cautious regarding the outlook for this year, and several have told *Argus* that they see no uptick in demand in the near term. In addition to the seasonal lull, the European construction industry has been at a low ebb for months, and economic indicators remain mostly gloomy. The HCOB PMI survey data for the construction sector in the eurozone in December remained in contraction, at 43.6, up slightly from 43.3 in November and the firmest in three months, but still weak. Output declined as new orders fell for the 21st month in a row. Germany saw a marked reduction, and in France the decline was steeper, but there was an expansion in Italy's reading, which was the strongest since April 2022.

#### Recycled PVC Europe market prices

	Timing	Low	High	Midpoint	Δ
<b>ex-works NWE (€/t)</b>					
rPVC regrind white ex-works NWE	5-Jan	650.00	800.00	725.00	nc
rPVC regrind mixed colour ex-works NWE	5-Jan	500.00	600.00	550.00	-15.00
rPVC pellet white ex-works NWE	5-Jan	950.00	1,100.00	1,025.00	nc
rPVC micronised powder mixed colour ex-works NWE	5-Jan	700.00	800.00	750.00	-25.00
<b>ex-works UK (£/t)</b>					
rPVC regrind white ex-works UK	5-Jan	650.00	700.00	675.00	nc
rPVC regrind mixed colour ex-works UK	5-Jan	550.00	600.00	575.00	-25.00
rPVC pellet white ex-works UK	5-Jan	900.00	950.00	925.00	nc
rPVC micronised powder mixed colour ex-works UK	5-Jan	700.00	800.00	750.00	-25.00
<b>Virgin PVC (€/t)</b>					
S-PVC pipe del NWE final month 1	Dec 23	-	-	1,165.0	-20.0

Recyclers are rather more positive, hoping for more usage of rPVC in place of virgin material, which has been a trend for many pipe and profile manufacturers in recent years. The opening of anti-dumping investigations on US virgin PVC imports into Europe and, most recently, into the UK, could also give some cause for optimism, if it supports the low end of virgin PVC spot prices. US exporters were reluctant to drop prices much further this week, and we have kept our s-PVC import price range at €760-800/t cif Europe.

### Data and Downloads

Additional data, including a trackers for company sustainability targets and chemical recycling projects, is available from Argus Direct: <https://direct.argusmedia.com>. Search Data and Downloads from your dashboard to find out more.

### Sustainability target tracker

Download our regularly-updated tracker of sustainability targets from global brand owners, which is available on Argus Direct at <https://direct.argusmedia.com/dataanddownloads>. Search Data and Downloads from your dashboard to find out more.

## PETROCHEMICAL MARKETS

### Europe

PE and PP market sentiment in Europe has picked up somewhat in the past few days, with some buyers concerned about potential tightness amid rising costs and lead times for imports, particularly from the Middle East and Asia. Spot prices have picked up since December, although many buyers remain cautious given subdued underlying demand in the market and largely gloomy macroeconomic indicators.

Feedstocks ethylene and propylene rolled over from December into January, and early expectations point to most PE and PP contracts following suit.

PET resin producers are drawing down stocks as prices rise. Red Sea shipping disruptions are pushing PET resin import prices and strengthening the domestic European market. Overall consumption is subdued but in line with expectations for the time of year. Participants anticipate further price increases in the short term.

### North America

December polypropylene (PP) contracts largely settled at a rollover, and lingering high spot polymer grade propylene (PGP) prices are stymying buyers' hopes for a price decrease for January. Spot PGP prices traded as high as 49¢/lb during the week, the highest trade since 8 November, with ongoing cracker and PDH unit issues keeping prices higher than originally expected.

In PE, the majority of the market said December contracts had settled flat, but with non-market price adjustments heard to be prevalent among buyers of all sizes. Most major producers have now announced a 5¢/lb price hike for January, saying they need to get margins up following the round of non-market adjustments at the end of 2023. Buyers are protesting any increase, saying demand is not strong enough yet to support higher prices.

### Asia-Pacific

Chinese domestic PE and PP prices fell this week on the back of higher PE inventories, a decrease in the futures market and seasonally low demand, although import prices were supported by logistics concerns.

PE prices in south and southeast Asia rolled over. The southeast Asia PP market picked up slightly on the back of higher interest in imports to Indonesia, although this appears likely to wane as buyers have now replenished inventories.

PET resin prices edged down in the fob China market in the first week of the year, following softer feedstock PTA futures.

Olefin monthly contracts & Polymer spot			
	Timing	Midpoint	Δ
<b>Ethylene contract</b>			
del NWE €/t	Jan 24	1,185.00	nc
cfr Taiwan \$/t	Dec 23	936.00	+4.00
Pipeline USGC ¢/lb	Dec 23	28.50	-1.00
<b>Polymer grade propylene (PGP) contract</b>			
del Europe €/t	Jan 24	1,050.00	nc
del Taiwan \$/t	Dec 23	876.00	+1.00
fob US ¢/lb	Dec 23	48.00	nc
<b>HDPE IM spot</b>			
del NWE \$/t	12-Jan	1,138.00	+55.00
cfr China \$/t*	12-Jan	880.00	nc
fas Houston bagged \$/t	12-Jan	882.00	nc
<b>Polypropylene spot</b>			
homopolymer del NWE \$/t	12-Jan	1,110.5	+14.0
raffia cfr China \$/t	12-Jan	885.00	nc
<b>LLDPE butene-1 spot</b>			
del NWE \$/t	12-Jan	1,138.0	+55.0
fas Houston \$/t	12-Jan	915.000	nc
cfr China \$/t	12-Jan	950.0	+5.0

*\*Main origin*

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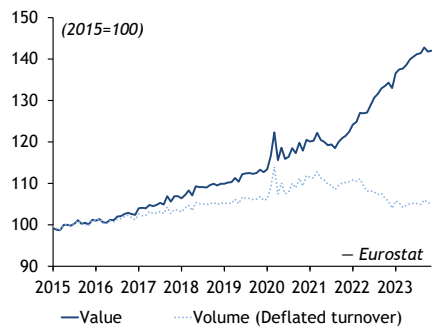
[www.argusmedia.com/argus-global-polyethylene](http://www.argusmedia.com/argus-global-polyethylene)  
[www.argusmedia.com/argus-global-polypropylene](http://www.argusmedia.com/argus-global-polypropylene)

Set up a trial: [Petrochemicals-m@argusmedia.com](mailto:Petrochemicals-m@argusmedia.com)

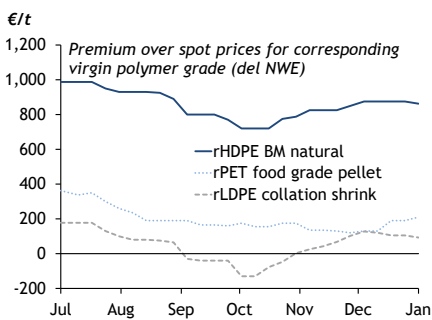
NEWS AND ANALYSIS

**Demand, SUP deadlines, imports, PPWR and chemical recycling are the key areas that will impact the recycled polymers sector this year, write Will Collins and Chloe Kinner**

**EU-27 food, beverage, tobacco sales**



**NWE recyclate premiums**



**Five things to watch out for in Europe in 2024**

**Demand recovery?**

European recyclate demand was generally weak in 2023, and while most recyclers surveyed by Argus feel the economic cycle has reached a floor and some are seeing fairly solid order entry in January, few have been willing to confidently predict a sustained uptick in demand in the early part of the year.

Many of the headwinds that the industry encountered in 2023 remain pertinent. Consumer price inflation, which weighed on sales volumes of household items and discretionary goods over the past 12-18 months, has reached its peak. But absolute prices remain high and household budgets and employment are being squeezed by high interest rates.

Outside the packaging sector, production in the manufacturing sector contracted sharply month on month through the year and the eurozone construction purchasing managers' index fell this year to levels that, aside from spring/summer 2020, have not been seen in a decade. Recyclers may take heart from apparent restocking in September – after the summer – and now in January after year-end, which suggests inventories in many supply chains are now at a low level. Atlantic basin central banks' acknowledgement of the need for gradual interest rate cuts could also be encouraging, although Argus chief economist David Fyfe warns that betting on accelerating global GDP growth for 2024 may be premature.

Some have speculated that 2024 could be another year of consolidation in the industry, after a number of buyouts of recycling companies – including several by virgin polymer producers – during 2023.

**2025 deadlines approaching**

The EU Single Use Plastics (SUP) directive sets out an obligation for PET bottles to include 25pc recycled content, and a collection target of 77pc for single-use plastic bottles, by 2025. European recyclers have invested in rPET food grade pellet production and capacities have increased over the past 12 months, but there are still concerns about tight availability. A key bottleneck for the European industry continues to be collection of high-quality recycled material, which has led to calls from the packaging and beverage industries – generally opposed by the recycling industry – for a right of first refusal on plastic waste and the implementation of more national deposit return schemes (DRS).

Uncertainty still remains on how the SUP directive will be implemented with market participants calling for further clarity on calculating, verifying and reporting on targets, such as confirmation that imported material will not be counted towards recycled content targets.

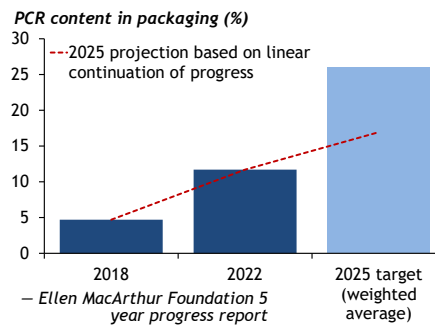
Outside the SUP, many large brands have significant work to do toward their 2025 targets, which include voluntary pledges to increase recycled content in their packaging. The latest Ellen MacArthur Foundation report on these pledges shows most businesses are on track to fall short of their 2025 targets, despite notable progress in the past five years.

But brands' tighter scrutiny on projects to increase recycled content in packaging in 2023, particularly since recyclates of sufficient quality remain – in many cases – significantly more expensive than the virgin polymer equivalent, appears not to have lifted as yet. And, whereas PET recyclers can bank on higher demand in the run-up to the 2025 SUP directive deadline, polyolefin recyclers selling into packaging will hope that firms remain committed to progressing towards their voluntary targets as the year continues.



## NEWS AND ANALYSIS

## Recycled content pledge progress



**The European Parliament and the EU member states have now each confirmed their support for the mandatory recycled content requirements across almost all plastic packaging**

## Imports to be a battleground

Anticipated tightness in the supply/demand balance for packaging-quality recyclates leading up to 2025 has buoyed interest among rPET buyers in imports from lower-cost regions.

Recyclers have noted for some time increased competition from imports of recycled material from countries outside the EU, such as from southeast Asia and north Africa. There is little reason to expect a change in 2024, assuming that disruptions to shipping in the Red Sea and Suez Canal do not sustain freight rates at levels that make imports unattractive. Demand from outside the beverage bottle industry and from brand commitments that go beyond the SUP will continue to provide an opportunity for importers.

Increased competition from imports has led to discussion of protectionist measures to guard European industry. Anti-dumping duties that were provisionally adopted against a range of Chinese virgin PET resin producers in December may inadvertently impact imports of rPET – which currently have no separate HS code to distinguish them from virgin PET. Market participants note that the volume of recycled material from China is currently limited, but some say these duties could be seen as a warning sign to other countries that aggressively import into Europe.

Rising imports have also attracted the attention of European industry association Plastic Recyclers Europe (PRE), which has called for tighter traceability controls on products from outside the EU to create a “level playing field” for European recyclers looking to compete with imports.

“EU recyclers are subject to robust legislation and safety requirements, which on the contrary cannot always be verified for the imported material,” it said in November, calling for “independent third-party certifications” for extra-EU recyclers to verify the origin of waste and the recycling methods used to reprocess it.

## More progress on PPWR

The European Parliament and the EU member states have now each confirmed their support for the [mandatory recycled content requirements](#) across almost all plastic packaging, which were originally laid down in the European Commission’s Packaging and Packaging Waste Regulation (PPWR) proposal in late 2022.

If adopted, this would be celebrated by the European recycling industry, particularly polyolefin recyclers, as a means of supporting demand for recyclates that would insulate the recycling industry to some extent from fluctuations in global oil, petrochemical and virgin polymer prices.

But Martin Engelmann, director-general of German plastic packaging association IK, told *Argus* that different proposals regarding the reuse quotas and bans in PPWR are a potential sticking point. The parliament has suggested many exemptions based upon life-cycle assessment (LCA), which is completely opposite to what many member states want, he said. These differences could make it harder for PPWR to be adopted ahead of this year’s change of parliament, he warned, and increase the likelihood of a patchwork of national legislations developing that could negatively impact the plastic packaging market.

## Another crunch year for chemical recycling

In “Five things to watch out for in 2023” we identified last year as a crunch year for demonstrating the scalability of chemical recycling and clarifying its status in European legislation. But many questions remain to be answered.

Many of the small-to-medium commercial-scale plants that we expected to come



NEWS AND ANALYSIS

*...industry associations are concerned that recycled content quotas, particularly for non-PET contact-sensitive packaging, may become impossible to fulfil unless investment in new chemical recycling capacity continues.*

on stream in 2023 are now expected to ramp up in the first half of 2024. And the EU’s decision on which mass-balance accounting system will be allowed for attributing recycled content based from chemical recycling has been delayed, with informed parties now suggesting a decision could come in the first quarter.

The debate in the EU is centring around whether to accept a “polymer-only” or “fuel-exempt” calculation methodology (see table) for applying mass balance to chemical recycling. The latter option is supported by the plastic and chemical recycling industries, which has warned that adopting a polymer-only calculation method would stymie investment. But some, including Engelmann have suggested that lawmakers may be leaning towards the polymer-only model as a “compromise” between fuel-exempt and a more restrictive system of proportional allocation across all products. IK and other industry associations are concerned that recycled content quotas, particularly for non-PET contact-sensitive packaging, may become impossible to fulfil unless investment in new chemical recycling capacity continues.

Mass balance calculation methods	
	Explanation
Free allocation	Recycled content equal to feedstock in, minus process losses can be allocated freely to highest value products
Fuel exempt	Recycled content equal to feedstock in, minus process losses and fuel production can be allocated freely to highest value products
Polymer only	Recycled content equal to feedstock in minus process losses, fuel production and production of products that will not be converted into polymers can be allocated freely to highest value products
Proportional	All cracker products receive proportional share of recycled content

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## NEWS AND ANALYSIS

## Macroeconomic news

## Eurozone manufacturing contraction eases again

The eurozone's manufacturing sector remained in contraction in December, albeit in a less bad condition than previously as a mini-revival in fortunes entered a third month.

The Hamburg Commercial Bank (HCOB) eurozone manufacturing purchasing managers' index (PMI) reading, compiled by S&P Global, was 44.4 in the final month of 2023, compared with 44.2 in November and a seven-month high. But the reading has not been above 50, which separates contraction and expansion, since the middle of 2022.

The survey found some evidence that "the worst of the industry's slump has passed", with contractions easing in new orders and purchasing activity. But output continued to be constrained by a lack of new business, as demand for eurozone goods fell again, and this allowed companies to make inroads into work backlogs.

"Stocks of purchases are shrinking at an accelerated pace and for the 11th straight month, surpassing the rate observed in the previous month," HCOB chief economist Cyrus de la Rubia said. "The pivotal turning point in the inventory cycle is a key factor for initiating a recovery. Our projection places this anticipated shift in the first half of 2024, although the present indicators do not yet support this expectation."

HCOB did point out a continued fall in factory input prices, which will come as a relief to a sector battered by high costs for energy and other raw materials in the past couple of years. The separate S&P Global/Chartered Institute of Procurement and Supply UK PMI survey also showed a fall in purchase prices, but the country's manufacturing sector contracted again in December, to 46.2 from 47.2 the previous month. All five of the UK PMI sub-indices – new orders, output, employment, stocks of purchases and suppliers' delivery times – remained at levels signalling a deterioration in operating conditions, the survey found.

By Ben Winkley

## Red Sea disruption weighs on NWE PE film bales

The price for bales of waste polyethylene (PE) films in northwest Europe fell in the week up to 5 January, because higher shipping costs to southeast Asia have made exports less attractive.

The prices of 98/2, 80/20 and mixed-colour PE film waste bales delivered to northwest Europe have fallen by 10-20pc or more compared with the last week of December.

Major container shipping companies including Maersk and Hapag Lloyd have begun diverting cargoes away from the Red Sea – through which ships must traverse to reach the Suez Canal – as a result of attacks on shipping by Yemen's Houthi militants. Maersk reiterated on 5 January it would divert ships south round the Cape of Good Hope, rather than

through the Red Sea and Suez Canal, "for the foreseeable future".

Diverting via the Cape adds sailing time and fuel costs to journeys between Asia-Pacific and Europe, raising shipping costs for exporters sending bales from Europe to southeast Asia. The Freightos-derived Argus polymer freight rate on the 'fronthaul' Vietnam-Antwerp route rose by nearly \$30/t in the two weeks up to 5 January and market participants indicated rates on the corresponding 'backhaul' route from Europe to southeast Asia had risen by similar or even higher amounts.

Data from Plastic Recyclers Europe (PRE) and Global Trade Tracker (GTT) suggest around one third of flexible PE film waste collected for recycling in Europe is exported. PRE's most recent data show 2.4mn t of flexible film waste was processed by EU recyclers in 2020, while GTT statistics show an average of nearly 105,000 t/month (1.26mn t/yr) of PE waste has been exported from the EU-27 since January 2022, which PRE says is mainly film waste. Nearly 75pc went to non-OECD countries, particularly Indonesia, Malaysia and Vietnam.

With exporters struggling to pass on higher shipping costs to buyers in southeast Asia – Argus' cif southeast Asia 98/2 bale price assessment has only climbed by \$10/t in the past three weeks – European prices have come under pressure. Closures at some European recyclers, for holidays and maintenance over the Christmas period, have added to the complexity of finding alternative buyers.

Disruptions to shipping through Suez could cause delays and raise costs for polymer imports into Europe, particularly from the Middle East and Asia-Pacific. European recyclers facing competition from increased imports of recycled PET (rPET) and recycled high-density polyethylene (rHDPE) has been a regular talking point in recent months, although actual amounts are difficult to ascertain because there is no separation between virgin and recycled polymers in trade statistics.

Interference to polymer imports could lift prices for virgin PE and PP, which would benefit recyclers selling to markets where recycled plastic is mainly used by converters looking to save money on raw materials. But any effect is likely to be capped by low demand in Europe, particularly in PE because the largest competitive threat comes from US imports that are unaffected by the Red Sea situation.

The development of shipping prices remains to be seen. Many shipowners are avoiding the Red Sea, but the container market remains fundamentally weak because of a tonnage overhang and low demand. More tonnage being absorbed on the longer voyages from Asia-Pacific could help in rebalancing the market, but a shortfall is unlikely because of the available idled capacity.

By Will Collins

## NEWS AND ANALYSIS

## Mechanical recycling

### China's Jiulong Regeneration to build PET flake plant

Chinese recycling firm Jiulong Regeneration Technology plans to build a 200,000 t/yr waste polyethylene terephthalate (PET) bottle-to-flake plant at Ziyang in southwest China's Sichuan province.

The plant, with a total investment of 450mn yuan (\$63mn), will include four production lines to sort, wash and shred waste PET bottles into high-quality PET flakes to meet demand in the downstream fiber, home decoration and other non-food contact application markets.

Construction of the first line will start from March this year and the company aims to commission it by late in the third quarter.

Jiulong Regeneration Technology was established in 2007 with its headquarters at Suzhou in east China's Jiangsu province. Rising demand in recent years has prompted the company to rapidly expand its production capacity. The company added 50,000 t/yr of PET flake capacity in late 2022 in central China's Hubei province and now plans to expand its business to the southwest China market. Jiulong also operates a 100,000 t/yr PET flake plant in Suzhou.

## Chemical recycling

### Vlissingen chemical recycling project 'paused': Neste

Finland's Neste and Belgian polymer group Ravago have paused their plan to build a chemical recycling plant in Vlissingen, Netherlands, according to Neste.

"Strategic evaluation by both parties has led to the decision that the envisioned plans for an industrial facility for chemical recycling in North Sea Port in Vlissingen need to be altered, thus pausing the project for now", Neste said. It did not give any details about the reason behind the decision.

The firms [originally announced plans](#) to build a chemical unit capable of processing around 55,000 t/yr of mixed plastic waste in October 2021.

Neste added that it will "continue to assess possibilities to support and accelerate the ramp-up of liquefaction capacities", including through building and operating a plant in the North Sea Port area or elsewhere in Europe. In June 2022, Neste [acquired the European rights](#) to US firm Alterra Energy's "thermochemical liquefaction" pyrolysis technology for chemical recycling of plastic waste.

Neste announced in December that it had successfully concluded a series of industrial-scale runs to process oil produced from plastic waste via pyrolysis or similar technologies, which it refers to as "liquefied waste plastic" (LWP), at its refinery in Porvoo, Finland. The company said it has now processed over 6,000t of LWP in total, including 2,000t in a single processing run in 2023.

In June 2023, the company [took the final investment decision](#) to build a 150,000 t/yr upgrader for LWP alongside the Porvoo refinery, intended to supply upgraded pyrolysis oil to the refinery for conversion into petrochemical steam cracker feedstock. Neste expects this to be completed in the first half of 2025. The upgrader is an element of a wider project, known as Pulse, which is targeting a total 400,000 t/yr of LWP treatment capacity when complete.

*By Will Collins*

### Suedpack acquires majority stake in Carboliq

German flexible packaging manufacturer Suedpack has acquired a majority stake in chemical recycler Carboliq, which is developing a pyrolysis technology for recycling mixed plastic waste.

The company said that the acquisition, which was completed in December but announced today, "demonstrated its commitment to a closed-loop system for plastics and to chemical recycling as a complementary recycling technology".

Carboliq's future plants will be designed to provide an output of around 10,000 t/yr of "Circular Liquid Resource" pyrolysis oil, based on high-caloric waste fractions and fully continuous operation, Suedpack said. The company currently operates a demonstration-scale unit in Ennigerloh, Germany, which has a nameplate output capacity of around 1,000 t/yr.

"We expect chemical recycling to play a key role in the context of the upcoming PPWR (packaging and packaging waste regulation), not least to make it possible to meet the required recycle use rates, particularly in the manufacturing of food packaging," said Dirk Hardow, the manager of Suedpack's functional films and compounds business unit, who has been installed as Carboliq's managing director following the acquisition.

*By Will Collins*

## Legislation/associations

### US recycling rates stagnating

A nationwide study of recycling found that recycling rates largely stagnated across the US in 2021, as large gaps between different state and municipal-run recycling systems still persist.

The study, which was conducted by aluminum and glass recycler Ball and Eunomia Research and Consulting, found that recycling rates on average stagnated for all materials, including plastics.

The report found that PET recycle rates differ drastically depending on the state. States with deposit return schemes (DRS), which provide consumers with money in exchange for returning used packaging, such as California, Oregon, and Maine, maintained the highest recycle rates.

## NEWS AND ANALYSIS

Maine had the highest recycle rate for PET in the nation in 2021, with 75pc of PET waste recycled. Oregon was just behind, with 71pc of its PET scrap recycled.

Southern and Gulf Coast states generally maintained the lowest PET recycle rates, with West Virginia, Alaska and Tennessee recycling just 3pc of its PET waste.

“Creating a true closed-loop system will require a well-designed recycling policy that creates compelling incentives to recycle and expand recycling infrastructure and systems to ensure the process is simple, convenient and affordable for everyone,” Ball chief executive Daniel Fisher said.

Statistics were much closer between states for non-PET rigids, which were in the single digits in most states. Pennsylvania had the highest recycle rate for PP containers with 36pc, and Maine and Vermont maintained the highest recycle rates for rigid plastics with resin code identifiers numbers three through seven at 20pc.

The study concludes that recycling return programs paired with extended producer responsibility (EPR) programs are key to improving recycling rates across the US.

Most US state-run EPR programs for packaging are still [in startup processes](#), and US states with the lowest recycling rates as of yet have made little to no legislative headway to pass DRS or EPR programs.

*By Zach Kluver*

### California chooses CAA to lead its EPR program

CalRecycle has selected the Circular Action Alliance (CAA), a consortium of FMCG companies, to lead its upcoming state-wide producer responsibility program.

As the sole producer responsibility organization (PRO) for California, CAA will collect recycling data on single use packaging and plastic serviceware, and will fund recycling initiatives and expansion through fees.

CAA includes an extensive list of companies that sell consumer goods, such as Keurig Dr Pepper, Coca Cola, and Unilever.

Last year, [Colorado also selected CAA](#) to lead its own producer responsibility program for paper and packaging materials.

CAA indicated that it would also submit a proposal to become a PRO for Oregon. However, Oregon’s producer responsibility will include multiple PROs, unlike California and Colorado.

*By Zach Kluver*

### CalRecycle to issue \$47mn rPET grant

California’s Department of Resources Recycling and Recovery (CalRecycle) has begun issuing \$47mn in payments to PET reclaimers through June 2027, providing some relief amid a tough market.

The grant will provide recyclers and reclaimers \$75/ton of A

grade PET bales produced or used, and \$50/ton of B grade PET.

CalRecycle said it will publish instructions in full on its website by 1 February for manufacturers and reclaimers who need to submit additional information in order to receive the payments.

In addition to assisting reclaimers directly, the Plastic Market Development (PMD) payments are intended to incentivize manufacturers to use more recycled PET in their products, and will provide grant money to companies who do so.

Manufacturers who exceed the recycled content mandate minimum of 15pc in manufacturing PET bottles will receive the maximum payment from CalRecycle of \$150/ton. Manufacturers who meet the recycled content minimum and use it to make PET bottles will receive \$75/ton, and manufacturers who do not make bottles will receive \$50/ton.

However, some market participants expressed concerns that the grant will not be enough to keep some reclaimers in California’s domestic recycled PET market afloat, as imported rPET material and virgin material are still providing stiff competition at lower prices.

*By Zach Kluver*

### Dubai implements phased SUP ban

A phased ban on single-use products came into effect at the start of the year in Dubai that aims to promote reuse and recycled materials, starting with plastic bags.

The resolution imposes a ban on the import and trading of single-use virgin and recycled materials including plastic and non-plastic items such as food delivery packaging materials, fruit and vegetable wrapping, thick plastic bags, plastic containers, and packaging materials either partially or entirely made of plastic, such as those used for plastic bottles, snack bags, wet wipes, balloons and balloon sticks.

The resolution single-use products in a phased approach. The ban will apply to plastic bags starting from 1 January, while plastic stirrers, table covers, cups, polystyrene food containers, plastic straws, and plastic cotton swabs, will be prohibited from 1 January 2025. Plastic plates, plastic food containers, plastic tableware, and beverage cups and their plastic lids will be banned from January 2026.

A fine of 200 UAE dirhams (\$54.50) is expected to be implemented for non-compliance, which will increase with repeat offences.

The resolution mandates sellers to actively participate in projects, initiatives and programmes targeting the reduction of plastic materials and single-use products. Sellers must offer specified reusable alternatives at reasonable prices. The resolution aims to encourage the private sector to promote the use of recycled products, and seeks to regulate the use and recycling of single use products and plastics products.

*By Chloe Kinner*



## NEWS IN BRIEF

German plastic packaging association **Industrievereinigung Kunststoffverpackungen (IK)** director-general Martin Engelmann said in a LinkedIn post that the German government's mooted tax on plastic packaging will create uncertainty that can be harmful for the German plastic packaging industry, even after the announcement that it will be postponed until 2025. Uncertainty "blocks the necessary investments for a functioning circular economy", he said, and fuels the trend away from plastic packaging towards "hard-to-recycle" paper composite packaging.

UK supermarket **Sainsbury's** is switching its own-brand mushroom punnets to cardboard from plastic in a move that will save over 775t of plastic, equivalent to more than 52mn

pieces of plastic a year. The retailer says the shift is its biggest-ever single plastics removal. The punnets will still have a plastic film element, which Sainsbury's says can be recycled at one of its "front-of-store flexible plastics recycling points".

Sparkling water brand **Sodastream** has announced a partnership with recycling platform **Terracycle**, under which Sodastream customers will be able to ship used sparkling water makers free of charge to Terracycle to be recycled. Individual participants can download a prepaid shipping label and return their Sodastream to Terracycle, the firm said. The sparkling water makers will then be "cleaned, separated by material type and reduced into material that can be remolded to make new recycled products".



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