



Press Release
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Paint and coating industry under pressure: peaking raw material prices and supply shortages for titanium dioxide

The German paint and coating industry is struggling with a near all-time high in raw material prices. In recent months, world market prices for the industry have increased to such an extent that they put a major strain on the business results of companies. Dramatic supply shortages further aggravate the situation.

The German paint, coating and printing ink industry is struggling with a near all-time high in raw material prices. For the some 250 companies of the industry, in recent months the world market prices have increased to such an extent that they put a strain on business results. This is the outcome of a membership survey of the German Paint and Printing Ink Association (VdL).

Purchasing prices for pigments and solvents have reached peak levels since early autumn; supply shortages for the important white pigment titanium dioxide additionally aggravate the situation. In the period of comparison since summer 2016, solvent prices have gone up by roughly 15 percent. The price for titanium dioxide has rocketed by nearly 40 percent.

Its good opacity makes titanium dioxide indispensable in the production of paints and coatings. Therefore, not only rising prices but also dramatic supply shortages of TiO₂ are challenges for the industry. The situation is particularly difficult for printing inks: With the reduced availability of the required pigment qualities, raw material manufacturers are demanding extreme prices. The situation is comparable for the pigment zinc dust where paint and coating producers need to pay over 20 percent more than in summer 2016.

VdL-director-general Dr. Martin Engelmann is concerned: "Over the past months, the prices charged by titanium dioxide manufacturers once more spiralled upward significantly. Due to complex interconnected market structures globally, it is hardly possible to forecast the further developments. Experts assume that raw material prices will continue to go up in the long term."

As raw material prices account for over 50 percent of costs, they are decisive for the paint and coating industry. In total, raw material costs have climbed by more than 12 percent since summer 2016, together with rising freight and transport costs. All this is estimated to cause a burden of far over 300 million € for the industry.

The German Paint and Printing Ink Association (VdL), represents over 200 mostly mid-sized manufacturers of paints, coatings and printing inks in Germany, accounting for over 90 percent of this industry. In 2016, the industry realised sales of ca. 8 billion € and employed around 25,000 staff.

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