

## NEW FROM IAL CONSULTANTS

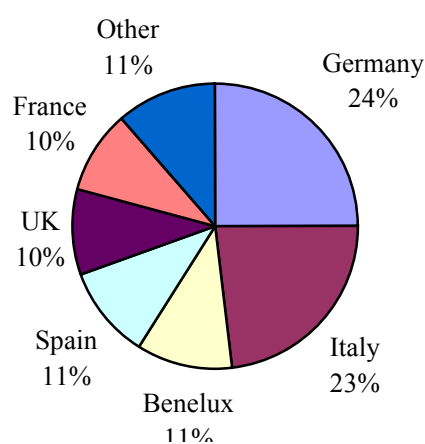
# POLYURETHANE CHEMICALS AND PRODUCTS IN EUROPE – 2002

According to the new edition of IAL Consultants' *Polyurethane Chemicals and Products in Europe - 2002*, the European polyurethane market divides quite distinctly between the East and West of the continent. While Western Europe is faced with overcapacity in many polyurethane chemicals, together with slow growth in demand in some end-use sectors at best, Eastern Europe continues to benefit from the migration of the manufacturing industries from the West and bright growth prospects as Western living standards come closer to the grasp of Eastern Europeans.

In Western Europe, the PU sector offers slow but steady growth, benefiting from established positions in the automotive, refrigeration and construction industries, yet simultaneously suffering low margins. The commodity status faced by the polyol and isocyanate raw materials producers will prompt further rationalisation as companies seek more efficient production from world-scale plants. The number of polyol and isocyanate manufacturing facilities in Western Europe will continue to fall over the next three years.

Production of polyurethane products by country shifted in favour of Southern Europe between 1995 and 2001, which reflects the continued relocation of production facilities and manufacturing industries. Falling manufacturing output in the UK and Germany has given way to increased activity in Spain and Italy; Italy's continued leadership of the European furniture and refrigeration sectors places it a very close second to Germany in terms of output of polyurethane products:

### Production Volume of PU Products in Western Europe, 2001 (%)



Source: IAL Consultants

The flight of the German and Italian furniture industries to countries such as Romania and Poland, together with flourishing business in the Baltic States, which supplies Scandinavia with furniture, underpin the continued strong demand for polyurethane products such as flexible foam in Eastern Europe. Furniture and bedding accounts for 41% of the PU end-products market (see table)

### Major End-Use Markets for Polyurethane in Eastern Europe

Application	Consumption of PU Output (%)
Furniture & bedding	41.0
Automotive	25.0
Construction	17.5
Refrigeration	15.0
Footwear	1.5
<b>Total</b>	<b>100.0</b>

Source: IAL Consultants

The ongoing relocation of refrigerator and automotive component manufacture is also a substantial driver for the industry, accounting for 25% of the PU end-products market. The automotive industry in Eastern Europe is growing quicker than any other in the world on a regional basis, with average annual growth rates of 10.5% until 2006.

*Polyurethane Products and Chemicals in Europe - 2002* offers a full revision of the previous edition (1999) with more extensive market coverage both by region and product. The report consists of four volumes:

- Volume 1: Raw Materials
- Volume 2: Foam Products
- Volume 3: Non-foam Products
- Volume 4: Major End-use Markets

*Polyurethane Products and Chemicals in Europe - 2002* can be purchased in separate sections, separate volumes or as the full set. The full set costs €13,500.

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