



Mark Victory covers the European recycled polyethylene terephthalate (R-PET) market for ICIS. We talk to him about the market and the fundamental pressures driving it.

Q: Is R-PET in demand?

A: R-PET is a highly desirable commodity. Drinks bottlers especially are keen to get hold of as much R-PET as they can because it helps them to significantly reduce their carbon footprint. Bottle manufacturers are competing for supply with other well-established R-PET end-users such as fibre producers.

Q: How is R-PET produced?

A: There are different grades of R-PET, which is produced from post-consumer PET bottles. The bottles are reprocessed into flakes and food-grade pellets that can then be used to make products including bottles and fibres.

Q: How is conventional PET collected?

A: PET is usually collected from roadside collection points by local authorities or official collection agencies, occasionally by retailers.

Q: Is supply keeping up with demand?

A: Not at the moment. Supply is driven by the efficiency of the municipal collection systems. At the other end of the chain, bottlers are trying to increase the amount of recycled material used in their PET. Some major bottling companies, such as Coca-Cola, are targeting 25% R-PET content in all of their European bottles. If every major bottler were to include 25% R-PET material, then they would need to source around 70% of all post-consumer bottles collected in Europe. Packaging demand now represents around 50% of all R-PET end-use. Bottlers have been aggressive in buying R-PET because of the

considerable savings in carbon credits that they can make.

Q: This must be driving up prices

A: It is. In January 2009 a tonne of post-consumer colourless PET bottles would sell for around €150/tonne. By July 2012 the price had risen to around €600/tonne. The price of R-PET has been largely disconnected from the price of virgin PET since 2010.

Q: What is happening in the fibre sector?

A: The fibre sector is interested in R-PET as an alternative to PET and cotton, depending on the price. The carbon benefits of using R-PET are much less in fibres, which go into applications such as clothing and tyres. They are quite long-lasting products.

Q: Are prices hard to predict?

A: Prices are very difficult to predict. Not only are there the demands of bottle producers pushing up the price, the weather can depress prices and the global cotton price also has an impact. The R-PET market is very complex. The only thing you can say with certainty is that the outlook for prices will be uncertain.



Find out more about our polyester coverage, request a sample report >>