Surging Commodity Prices Drive up Coating Costs

Felling, U.K. February 21st 2011 – International Paint Ltd. is set to initiate product price rises in response to spiraling global raw material costs.

“During 2010 the cost of raw materials critical to the manufacture of both our Marine and Protective Coatings’ product ranges increased significantly”, said Mr. Paul Westcott, Marine & Protective Coatings Commercial Director. “We have attempted to minimize the impact on our customers for as long as possible by leveraging our buying power and driving internal cost saving measures. Unfortunately the increase in costs shows no sign of abatement and therefore regretfully we now have little choice but to initiate a programme of product price rises”.

A familiar inflationary cycle is being repeated across a broad spectrum of raw material markets due to both supply and demand dynamics. On the supply side, a number of factors are at play including shortages in raw material feedstocks, general destocking in the supply chain, reduced raw material manufacturing capacity and supply outages. Demand is being driven by emerging market economies in most cases from industries outside of the coatings market and as ever the price of oil remains a key driver. In addition to the tight supply and demand dynamics prices are being fueled by investor activity in the commodity spot markets.

A number of raw materials key to the manufacture of both Marine and Protective Coatings products have been affected by the inflationary drivers including, epoxy resins, titanium dioxide, solvents, copper and other metals.

“We are acutely aware that all industries are under tremendous cost pressure. We are committed to work with our customers to help them find the most cost effective solution for their coating needs, however, in the current climate of incessant raw material price rises International Paint has little choice but to reluctantly pass some of these increases onto our customers”, said Mr Westcott.

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