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Printing inks industry: commodity prices at record levels - Leading manufacturer Siegwerk forced to pass on costs

The printing inks industry in Germany is sounding the alarm. The prices of raw materials are rising worldwide. Within three years the annual average price of colophony, a resin obtained from coniferous trees has doubled. But without colophony, the production of printing inks for newspapers and packaging materials is not possible. In addition, the dramatic rises in energy and transport costs are also placing great strains on the industry.



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"There is no end to the price spiral in sight, so that now we have to pass on the rising purchase costs to our customers," says Michael Müller-Samson, Head of the Web Offset Department at the internationally active Siegwerk Group, whose headquarters is in North Rhine-Westphalia. "For years now, our industry has been caught in the raw materials trap. Global demand is rising, particularly in the emerging markets, while the production capacities on the supply side are falling.

The price 'temperature curve' on the markets has broken all records in the past few months and continues to fluctuate wildly. Through the enormous rise in costs it is no longer profitable to manufacture certain products," reports Müller-Samson. The prospects are gloomy: the situation will become more acute. The profit margins of the raw material suppliers have fallen sharply, as have the demand quantities. Suppliers are searching for alternative sales markets which offer them higher revenues and the possibility of consolidation. The consequences for the printing industry will be: further shortages and rising prices.

Siegwerk's Chief Executive Officer Herbert Forker. "Anyone who does not earn enough, does not invest – and then the competitiveness falls. The developments in the raw material and energy prices are therefore threatening the existence of many companies."

"In many areas we have had to absorb the rising costs ourselves and have not passed on the cost increases to our customers over the last few years," reports Forker. They had consciously contributed towards strengthening the competitiveness of the industry closely associated with the printing inks business, namely the publishing and advertising industry, with respect to the digital media. "Our common objective is to maintain the attractiveness of printed products such as high-quality packaging, newspapers or advertising supplements and, where possible, further improve them," Forker explains.

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