

N America adhesives demand to rise through '07

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HOUSTON (ICIS news)--North American demand for adhesives and sealants is expected to grow by about 3% through 2007 despite the industry's struggles with raw material costs and the loss of manufacturing markets to other countries, a researcher with North Carolina-based DPNA International said on Friday.

"A certain amount of growth is going to occur as population grows, but true growth has slightly moderated by the fact that some segments of the assembly industry have gone overseas," said David Nick, the lead researcher on a report commissioned by the Adhesive and Sealant Council (ASC).

Nick pointed out that growth in value - somewhere between 6.5-7% - has outpaced the demand growth rate. Larry Sloan, president of ASC, attributed that trend to price increases.

"The industry has been successful in passing along raw material costs with price increases due to its petrochemical basis," Sloan said. "It's really about communicating the value of the product to help justify the price increase to the ultimate customer."

Sloan said some markets are experiencing more accelerated growth. The labels market is growing due to the increased use of radio frequency identification (RFID) tags. The pressure-sensitive adhesives market is growing due to greater use in the medical and electronics fields.

The study, which was developed through interviews with industry members, predicts overall growth for the adhesives and sealants industry as well as in most market segments.

Demand for adhesives and sealants in North America reached 7.389bn pounds in 2005 and is expected to reach 7.823bn pounds in 2007, representing an average growth rate of 2.9%/year.

Demand for the largest segment of adhesives - paper, board and related products - grew by 3% for 2003-2005 and is expected to continue to grow by 3.5% for 2005-2007.

The paper, board and related products segment makes up more than half of the entire adhesive and sealants market in North America, with demand reaching 3.618bn pounds. The segment includes products used in the manufacturing of packaging, such as paper and plastic bags and envelopes; dry and wet lamination; bookbinding; nonwoven fabrics such as disposable diapers and surgical gowns; and pressure sensitive products such as labels, tapes, decals, signs and stamps.

Other segments include transportation; footwear and leather; consumer/do-it-yourself; building construction; woodworking and assembly operation.

The building construction market segment is the next largest for adhesives with sales of 1.030bn pounds in 2005. "It's growth in demand [for 2005] was 3.1% reflecting an upturn in commercial building and rebuilding in the South due to hurricanes Katrina and Rita," the study said. For 2005-2007, demand growth is expected to be at 2.8%.

The report was made available to ASC members earlier this year and will be made available for purchase by the general public in October.

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