

SHORT Q&A

From scarcity to opportunity: Paolo Arcelli on how the Middle East crisis could lift Italian producers

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— By *Somya Abrol* —



Paolo Arcelli from Plastic Consult, Italy (Photo: Plastic Consult)

To understand the renewed instability across global polymers markets, **PIE** spoke to *Paolo Arcelli*, senior partner and director at consulting company **Plastic Consult** (Milan, Italy; www.plasticconsult.it). He discussed Italian converters – long reliant on polyethylene, polypropylene, and PET imports from Asia – and how they are now facing tightening supply chains and volatile pricing due to the war in Iran.

Arcelli offers a clear view of how these shifts are reverberating through Italy’s plastics sector, from feedstock uncertainty and early margin relief for producers, to a potential comeback for recyclers after years of depressed demand.

PIE: Italy imports significant PE, PP, and PET volumes from Asia. How is the Hormuz blockade affecting these supply flows to Italian converters?

Paolo Arcelli: In recent weeks, the impact on polymer pricing has been severe, while availability has still been “decent”, thanks to relatively high stock levels among converters combined with low or stagnant demand across many key applications (including rigid and flexible packaging, agriculture, white goods, and automotive). But reduced supply flows will greatly lower availability in the coming weeks, so the real impact will probably become evident in April.

Cheap Asian imports previously pressured Italian margins. Could the import slowdown create breathing room for Italy’s polymer producers?

Arcelli: That is a concrete possibility. If feedstock (monomers in particular) continue to be delivered regularly, we can expect more space for both Italian, and more broadly, European polymer production. Feedstock pricing will be the other key factor.

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Italy leads Europe in plastics recycling rates. Are recyclers set to see accelerated demand as virgin material becomes scarce?

Arcelli: If the virgin polymers supply chain experiences further disruptions in logistics and limits deliveries to converters, recyclates will surely benefit not only in terms of volumes but also of margins. This would be exactly the opposite of what the sector experienced in recent years, when abundant supply and low virgin prices significantly hindered recyclate demand.

What is currently Italy’s biggest uncertainty – feedstock supply, export markets, converter demand, or regulatory pressure?

Arcelli: Currently, I fear the biggest uncertainty is related to feedstock supply. Converter and end-user demand could “virtually” skyrocket due to shortages of virgin material, even though underlying demand has not yet fully recovered. Of course, exports to the Middle East will also be affected, but the Italian plastics processing industry exports a much larger share of its output to other regions, primarily Europe. In the medium term, regulatory pressure will remain one of the strongest factors affecting the plastics industry, packaging in particular.

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