



November 2017

Market Update – Disposable Gloves, Register Rolls & More

Environmental policy changes are spreading to other manufacturers

The environmental policies enacted by the Chinese government to reduce air and water pollution have already made an impact on the glove market. Tens of thousands of facilities in 30 provinces have been affected by shutdowns representing roughly 40% of the manufacturing facilities. As these facilities make their upgrades to gain compliance, many will face the challenge of trying to get raw materials to ramp up production to meet demand needs.

The paper market has seen raw material pricing for pulp escalate over the past few months. A plant shutdown enacted by the Chinese government due to environmental issues has impacted a major supplier of leuco dye, a key ingredient in the coating used for thermal register rolls, carbonless paper and packaging films. With roughly 35% to 40% of the global supply coming from this single facility, mills have reduced their production, creating supply shortages and price increases. Some of the shut downs are expected to carry into late Q1 2018.

The paper and pulp market is also being impacted by environmental concerns in Indonesia related to growing trees on protected land and attempting to reduce carbon output as a result of man-made fires due to slash-and-burn tactics. Industry estimates place Indonesia in the top 10 for biggest global pulp producers and biggest global paper producers. The government and the companies still remain in disagreement on how to proceed to support the growth of the market.

These increases, combined with plant shutdown, have severely impacted the thermal paper market supply chain. With an already tight supply, the market for thermal rolls and paper goods coming from the Pan-Asia region will continue to be strained.

Future shutdowns for other industries are expected in the coming months. As we learn about the challenges facing our overseas manufacturing partners, we will do our best to keep all of our customers informed. Our team of dedicated AmerCareRoyal employees, living and travelling overseas to work with our manufacturing partners, have been able to ensure our supply chain is minimally impacted so we can provide products to our customers on time.

Thank you for your business!

A handwritten signature in black ink that reads "Nick Lavandusky". The signature is fluid and cursive, with a large loop at the end.

Director of Marketing
AmerCareRoyal