

Interview with David Wawer:

Executive Director at CPMA Shares his Insights on the Pigments Market

David Wawer was named Executive Director of the Color Pigments Manufacturers Association (CPMA) in 2014. Prior to this, he was CEO of the Massachusetts Chemistry Technology Alliance for almost 12 years. He also has experience in Government Relations as part of the American Chemistry Council. We were very fortunate to have the opportunity to speak with David about his thoughts and opinions on the future of the pigments market. Dr. Bruce Howie (Global Product Marketing Manager) led the interview and what follows is a synopsis of the discussion.



What does the future of the pigment industry look like in North America (NA)?

Let's start by focusing on the manufacturing side of the pigments industry. Starting about 15 years ago with the emergence of Asian producers of colour pigments in China and India, we've seen a steady consolidation of companies. In that process, we've seen many manufacturing sites close - Clariant in Rhode Island, Sun Chemical in Muskegon, BASF's azo pigments plant in Kentucky and their CIBA site in Scotland, and as of last year, the Flint Group closed its West Virginia site and struck a global deal with Huber Group to produce their pigments. The capacity or need for pigments is now being filled by sources outside of NA; it is suggested that more than half of colour pigments are coming from Europe and Asia. I don't anticipate there will be more manufacturing sites built in NA in the foreseeable future.

In terms of pigments products, growth is anticipated in several different market segments. In the ink world, there has been a gradual increase in the demand for digital printing inks and packaging inks. If you think about it, within the population in China and India, how many of these people are middle-class consumers? The middle-class in China and India is rapidly growing and expected to amount to approximately 1 billion within 10 years time. These markets require

typical consumer products, and with this in mind, we can expect the packaging inks market to significantly increase. This could even include the continent of Africa that might begin to grow a middle class over the next 20-30 years. As the middle class emerges worldwide, the personal products and cosmetics segments can expect to grow as well. North American producers can sell globally to serve these markets. I don't see any regulatory barriers to consumer product growth. In the coatings market, the economic projection from the trade press is reporting growth in the billions globally for coatings sales. Unless the coatings companies come up with a plan to further 'light-weight out' pigments, this should mean growth for the pigments industry as well. While Canada's economic growth appears to be relatively flat right now, the economy in North America is positioned for a continued steady growth potential for colour pigments.

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What are the industry's major challenges?

Since the 80s and 90s, we've seen environmental and health groups shift their focus towards what ingredients are actually in products rather than the impact that manufacturing sites are having on their local populations.

How does this impact the market? If you have a government entity that starts to investigate a certain aspect of a product, it could have implications in the countries to which it is sold. For example, right now in Europe there is a discussion about elevating the carcinogen designation of titanium dioxide. This could have repercussions in Europe and NA, where the governments tend to be more strict and reactive. We anticipate the result of this designation could have reverberations in the next year or so, but we don't know how it will play out.

What are the Opportunities in the Pigments Market?

Opportunities for the pigments market lie in the regions where the middle class is growing and/or is expected to grow. As mentioned previously, this includes Asia and India, and in the future, Africa. We might see demand flatten in Europe, however, there may be variances within the continent; Western Europe might stay the same while we could potentially see growth in Eastern Europe. There could be real consumer growth in Russia in the future, but that would likely depend on the state of government.

In NA, growth is expected to be steady over the next eight to 10 years. While it has been stagnant for the last few years, it is starting to take off. In the coatings architectural market, I think we will start to see new types of construction of “smarter” buildings. As new properties are being built in cities, or new housing, we’re going to see opportunities in the coatings space (ie. coatings for interior and exterior applications, roofing materials, etc.). I can’t speak to the coatings market for automobiles, but it doesn’t appear that people are purchasing any fewer cars. Currently, the trending colour worldwide for cars is white, however, there might be an opportunity for a rebirth of blues or greens in the automotive space – at least in NA.

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What factors might affect the growth of the inorganics pigment market?

This is where regulations or drivers from Europe might impact North America. Europe has quite a stringent approach when it comes to chemical regulations. Canada has been evaluating chemicals for years and has put some (but few) restrictions on them. However, the US has been lagging and is only now starting to initiate this process. If Europe’s or ECHA’s decision making started to influence the North American market, it could force more scrutiny on the inorganics market.

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The REACH or ECHA decision on registration of complex inorganic pigments could also impact this market over the next three to five years. The guidance document defining how these products should be classified hasn’t been finalized, however it will determine how many existing inorganic colour pigments may have to be re-registered as new products. That could have a significant impact in the US and Canadian chemical inventories, as companies that have been selling a product for decades would need to re-register it.

The lead chromate pigment market has been refined to serve only industrial and professional markets. There is definitely an opportunity to sell more lead chromate pigments in developing countries where they would be needed for architectural (new buildings) and industrial (new construction equipment) purposes. There generally are fewer regulations in these regions regarding what types of pigments can be used. To my knowledge, there haven’t been any new lead-related laws in North America or Europe. I also don’t see the metals in colour pigments as a focal point over the next few years.

What do you enjoy most about the pigments industry?

I like this industry for its diversity. It provides the opportunity to educate government officials and other stakeholder groups about the diversity of colour and all the different applications for which colour pigments may be used. There is so much science that goes into not only making the colours, but into the companies’ decisions to manufacture or emphasize certain colour pigment lines. There are also significant differences in colour preference by geographical region, and I enjoy sharing this with others. I also am learning new things. There are so many opportunities for pigments manufacturers today. It will be interesting to see what the future holds!

We’d like to thank David Wawer for providing his expert thoughts and opinions on this subject matter!

