

How to get out of the perfect storm?

PET Day 2022

The PET Day, an annual event organised by GSI (Global Service International) of Italy, has undoubtedly become, in the 20 years since its start-up, a defining moment where the policies of the main decision makers of the industry are forming the basis for all strategic decisions for the coming years. The information and the arguments discussed within the space of this single day, which has a special mark on the agenda of all involved in PET and the raw materials of the polyester industry, are thoroughly developed and dissected and are surprisingly precise, anticipating market movements. This 20th edition, for the third time in the form of webinar, took place on September 29, 2022.



The turbulence that shook the world in 2020 has created unexpected challenges for all industries, and the industry is now urgently seeking a route map out of the storm. PET Day is the place where experts and top managers are looking at how to steady the ship out of the stormy seas and into calmer waters.

Mr Francesco Zanchi, CEO and founder of GSI, began by welcoming the specially invited audience. He underlined the difficulties the sector is facing, but he also expressed confidence that these same difficulties can be transformed into opportunities: There is a way out of this 'perfect storm'.

The morning session was opened by **Mr Paul Hodges, of New Normal Consulting**, now a regular guest at the event, who addressed the economic situation, with particular regard to the inflation issue, or, better, the 'Putinflation' as he put it. When the unexpected happens, old models are no longer valid, he said. It is not possible to control the economy of billions of people just by acting on interest rates, as Central Banks used to do. Putinflation is taking us back to the

'70s, he stated, but we should see the challenges ahead of us as opportunities.

Hodges continued: The trends in the chemical industry were already revealing months ago what was about to hit us. A confluence of calamities, as the IMF said. Supply chain outages have caused major disruptions: we moved from 'just in time' stocks before Covid to 'just in case' stocks (on the expectation of problems). The Chinese economy, disrupted by the government's zero-Covid policy is not helpful. To illustrate the situation, Hodges used the image of the four horsemen of the Apocalypse: war, plague (Covid), famine (food shortages), inflation. Finally, he went on, it will take another couple of years, according to past experience, to see overvalued stock markets bottoming out. But there are new opportunities. Hodges mentioned Elizabeth Kuebler Ross and her paradigm of loss model (in relation to Covid). It shows that people react to problems from denial to anger to bargaining, then to depression and finally acceptance. The latter opens the way to eliminating the earlier pessimism.

It is necessary to transform the success factors, Hodges stated. More flexibility, solution-oriented policies, innovation, being closer to customers. And less global reach, size, location-oriented. Technology today must be greener. Sustainability, in the widest sense, is the great opportunity.

So the economic recovery of industry needs to focus on the new risks (including energy and demographics). Risk management is clearly among the top priorities: increase in financial debts and environmental pressures must be rapidly managed today by the plastic industry. Eventually, Hodges summed up, investing in the future to make everything more sustainable is the key to survival and the only way out.

Mr Zanchi, in applauding the analysis by Paul Hodges, sought to bring a ray of hope in the bleak picture of the scenario, by first introducing what GSI, through its Saint Lawrence Foundation and SBD (Social Business Development) is successfully doing in Sierra Leone to support the population of one of the poorest areas in the world. Thanks to the education of the local young generation, support in building a model poultry farm and, recently, establishing the growing of corn and maize, SBD is attempting to create a domino effect, to bring better food and health and to instill pride in local people to develop better living standards in their own homeland.

Global polyester market

Zanchi then started its analysis of the global polyester market: PTA has a big overcapacity issue, and next year it will be even bigger, MEG too.