

# Auto industry driving strong growth for TPEs

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Robert Eller

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BATH, OHIO — North American thermoplastic elastomer demand is set to grow by 6-7 percent in 2014, helped in part by strong growth from the automotive sector, according to longtime consultant Robert Eller.

That rate is higher than that seen in 2013, because “in general, the economy is doing better,” Eller said in a recent interview in Bath. This comeback has been fueled by higher build numbers in the auto market, which accounts for at least half of TPE demand, both in North America and worldwide.

Globally, the largest automotive TPE growth potential is in China and India, where 20 million new vehicles could create 110 million pounds of new thermoplastic vulcanizate (TPV) and styrenic block copolymer (SBC) demand from 2011-20, according to Eller, president of Robert Eller Associates LLC in Akron, Ohio.

In Europe, declining car sales have affected TPE demand negatively. By 2020, the region will be producing 14.7 million vehicles, a level that **still would be 8 percent less than the market's peak 2007 production**. This slow comeback has been caused by a decline in consumer appetite for cars, an aging **population and Europe's excellent non-auto transportation system**, Eller said.

Global growth markets for TPEs vary by type. For SBCs, growth markets include packaging, auto, electronics, medical and wire and cable. Copolyester growth should come from electronics and bioplastics. The auto sector should provide future growth for TPVs, while thermoplastic polyurethane resins and foam should see improved demand from bioplastics and footwear.

Eller — who presented his most recent TPE outlook at the TPE 2013 conference in Germany in October — also cited some potential new applications for TPE materials. Those applications include encapsulation seals for auto rear quarter windows, where TPVs and SBCs could replace PVC and EPDM.

TPVs also could be used in air duct cuffs, where the materials offer heat resistance, ease of processing and adhesion to nylon. TPVs additionally could challenge EPDM in short air ducts, Eller said.

Outside of automotive, SBCs have potential in soft-touch overmolds for closure caps in cosmetics and pharmaceuticals. Within the TPE sector, Eller explained that SBCs increasingly are competing with TPVs in the auto sector, where TPVs are becoming a commodity.

Longer-term, Eller said that he expects TPE suppliers will increase use in both in number and diversity. It also will be more difficult for TPE makers to control their intellectual property. The global TPE market also will see more grades, more competition and more interest in acquisitions.

One such deal already has taken place in 2014, when SBC maker Kraton Performance Polymers Inc. of Houston in January merged with the SBC business of Taiwan-based LCY Chemical Corp. to create a materials firm with annual sales of \$2 billion.