



MEMBER BULLETIN

March 3, 2021

Global Resin Shortages Causing Cost Pressures on Municipal Pipe

As construction season is set to launch across Ontario, it is important to note an ongoing issue with the global supply of resin, used in the production of PVC, HDPE, and polyethylene pipe (plastic pipe), as well as many other construction materials. Due to manufacturing disruptions in the United States and Mexico, there is a major global shortage of resin which is putting a strain on the supply of plastic pipe and dramatically impacting its cost.

Since August 2020, supply of resin has been tightening due to a decline what is being manufactured. The decreased production has been caused by a confluence of factors, including: COVID-19 impacting labour supply at production facilities in the U.S.; Hurricane Laura damaging a major manufacturing plant in the Lake Charles-area of Louisiana; an ongoing plant slow-down by a major producer in Mexico; and, most recently, the winter storm hitting Texas and the Gulf Coast states, causing widespread power-outages and, thus, major production delays and damages to existing stock. Two of the large global manufacturers of resin are currently under *force majeure* due to these issues.

Since June 2020, the cost of resin has increased by almost 60%, with no immediate signs of production ramping up or demand decreasing. So, as we head into construction projects in the Spring, it is important to take note and inform municipalities of this ongoing issue and its impact on the cost of plastic pipe.

We have a number of OSWCA members working directly on this issue to ensure the supply of plastic pipe is not impacted. We will keep you informed as it develops. Its our main objective to keep the industry working in 2021, so if any issues arise on this, please reach out to our office.

As always, if you have any questions, please contact Patrick McManus (patrick.mcmanus@oswca.org or 905-629-7766).