



## **PAINTS AND VARNISHES – IN SEARCH OF SOLUTIONS**

Paints and varnishes market players gathered at the annual conference in Sochi to discuss this year's performance and future prospects.

In October, Sochi hosted the largest industry conference on Paints and Raw Materials Markets. The participants looked back at this year's highlights and shared their plans for the coming year. The general sentiment was that this year had brought plenty of challenges.

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PAINTS AND RAW MATERIALS MARKETS 2018  
3 DAYS  
330 DELEGATES FROM 15 CIS AND EUROPEAN COUNTRIES  
14 SESSIONS  
60 REPORTS

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The period of low hanging fruit for Russian manufacturers has long gone. As competition on the paints and varnishes and dispersions markets became increasingly intense, the macroeconomic climate pushed feedstock costs up, with pressure from DIY chains leaving no chance of offsetting.

Over the years of strong growth in the paints and raw materials industry, market participants learned to find new opportunities in tough situations, so there are also some positive trends happening across the sector.

For example, dispersion manufacturers reported higher production, a testament to a gradual phase-out of imports. Though the market-share winning stage is over, companies continue to seek out niches for import substitution. The market grows below expectations, but it still grows.



Participants of the industry conference on Paints and Raw Materials Markets. Source: <http://lkmconf.com> (<http://lkmconf.com>)

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THE INDUSTRY IS FACING THE NEED TO INCREASE THE SHARE OF HIGH QUALITY PRODUCTS TO BOLSTER THE MARKET AND PREVENT STAGNATION.

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Many paints and varnishes producers have pointed out a new trend that differs from that of several years ago when all that mattered was to make the end product as cheap as possible. Now, the industry is facing the need to increase the share of high quality products to bolster the market and prevent stagnation. This requires rethinking the approach to end customers and propelling the use of innovative products with a focus on positive economic effects in the long term. Another important step is to employ new technologies in both production and marketing and to promote domestic raw materials competing on a par with foreign rivals in terms of quality (including among others acrylic, epoxy and alkyd resins).

Despite the above challenges, manufacturers were able to find certain development opportunities. For example, Akrikan presented Akrikan 129, a new brand in a family of parquet varnishes. HOMA launched a new 10,000 tpa dispersion production line.

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ANOTHER IMPORTANT STEP IS TO EMPLOY NEW TECHNOLOGIES IN BOTH PRODUCTION AND MARKETING AND TO PROMOTE DOMESTIC RAW MATERIALS COMPETING ON A PAR WITH FOREIGN RIVALS IN TERMS OF QUALITY.

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Import substitution, broadened application areas, innovative formulas and expansion into foreign markets are the measures to help tackle the market slow-down dominated the agenda at the round table organised for the second consecutive year by SIBUR for its Clients and Partners during the conference.

The Company's representatives provided the participants with insights into how domestic raw materials market is shaping up, with a particular focus on monomers market, supply and demand balance, raw materials processing and product pricing specifics.

SIBUR's clients were invited to join the round-table discussions. Sergey Sychuk from STiM spoke about successful development of road marking paints and polymers and current opportunities in Russian, Belorussian and foreign markets.

The Partners were able to discuss a range of pressing topics and made suggestions for further cooperation. Many showed interest in SIBUR's digitisation projects. The Clients shared stories about their own digital technology projects, pointing out that SIBUR's experience was of much use and relevance.



*The round table organised by SIBUR for the second consecutive year.*

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IMPORT SUBSTITUTION, BROADENED APPLICATION AREAS, INNOVATIVE FORMULAS AND EXPANSION INTO FOREIGN MARKETS ARE THE MEASURES TO HELP TACKLE THE MARKET SLOW-DOWN.

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“The Sochi conference is one of the major highlights for the paints and varnishes industry. As a follow-up to our meetings with the clients, we have planned a number of joint steps aimed at both retaining current positions of domestic manufacturers and promoting further development. We do have a track-record of finding some win-win solutions, including in tough situations. Today, we are united by a common goal — elaborating the opportunities to exploit them in 2019 and over a longer-term horizon,” said Marat Avetisov, Sales Director of SIBUR's Plastics, Elastomers and Organic Synthesis Division.

“It should also be noted that the expanded share of water-based paints in the paints and varnishes market is a step forward to a more environmentally friendly and safe materials. Though Russia has not fully embraced the trend yet, I expect a greater focus on environmental aspects going forward to be further amplified through the development of new advanced formulas for paints and varnishes.”

