



Rosemary Andrews

## Day-by-Day Pricing

Rising resin costs challenge the geosynthetics industry

Who knew in 1987, when the geosynthetics company with which I am affiliated was first founded, that geosynthetics would become an integral part of the construction industry and a first cousin to erosion control measures? Whether you attend an erosion control, storm water or geosynthetics-specific conference or tradeshow, you will find almost as many vendors in one arena as the other.

In the “good ole days,” the industry was focused on production and marketing of the five Gs: geotextiles, geogrids, geomembranes, geocells and geocomposites. These were the mainstays for roadway and embankment stabilization, drainage and liner applications.

Over the years, the polypropylene/polyester fabrics have evolved for very creative uses—turbidity curtains, landfill covers, silt dikes, inlet protection and silt bags, to name a few. The majority of these products have been created to assist with the control of erosion.

Currently, pricing represents the largest transformation within the geosynthetics industry. Resin costs began to skyrocket at the beginning of 2009, just as the economy was tumbling. We have been told that rather than passing on the full amount of those increases, manufacturers chose to absorb a large portion.

At the beginning of 2010 and for each month since, pricing has been increasing a minimum of 10%. With no reprieve in sight, the manufacturers have begun passing the full increases on to their vendors. Being the middlemen, the vendors have had no choice but to pass those increases on to their customer base.

Whether these increases are a

result of force majeure, as some resin manufacturers are claiming, or a matter of supply and demand based on decreased resin-producing equipment, this scenario has come as quite a shock to the geosynthetics community.

Are these increases finally stabilizing? Through communication with four different geosynthetics manufacturers, I have been advised that 10% to 20% increases during 2010 are not out of the question. A fifth geosynthetics manufacturer, however, is of the opinion that resin pricing will stabilize in the summer and that the industry may be in a position to offer its vendors lower pricing on finished goods.

So, who is right? Only the geotextile gods know for sure at this time. Either way, to better protect their interests, contractors have been advised that, due to this continuing volatility, pricing for past, present and future projects needs to be addressed and confirmed on a day-by-day basis.

Ours is an amazing industry. It is ever-challenging, with never a dull moment. This holds true whether you are dealing with a specification matter, a freight issue or, now, pricing issues. Once the dust settles, I am of the opinion that everything will get back to “normal” as we continue to grow this exciting industry. **SWS**

**Rosemary Andrews is co-owner and vice president of CSI Geosynthetics and a corporate and Pacific Northwest Chapter member of the International Erosion Control Assn. Andrews can be reached at [rosemary@csigeo.com](mailto:rosemary@csigeo.com).**

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