



Wellman to open shuttered units this year

Frank Esposito

April 13, 2009

Under new ownership, Wellman Engineering Resins expects to reopen its PET fibers plant and part of its PET bottle recycling operation in Johnsonville, S.C., by the end of the year.

The massive Johnsonville site was bought for about \$20 million in late 2008 by J.H. Whitney & Co., a private equity firm in New Canaan, Conn., after parent Wellman Inc. filed for Chapter 11 bankruptcy protection. A unit making recycled nylon resin based mainly on carpet has continued to operate, but the bottle recycling and fiber production plants have been idle since late 2006. The purchase preserved 160 jobs at the site.

In a recent telephone interview, Wellman Engineering Resins CEO Robert Fotsch said that, on a global basis, recycling “presents a good business opportunity for the next five to 10 years.”

“Oil is a scarce resource, and the price is going to continue to go up over time, even with the economy in a downturn,” he said. “Over the long-term, the price of oil will go up because of supply and demand, so we as a country and a world need to get serious about oil derivative-type products. Whether it’s carpet or bottles or whatever, we need to take it and re-use it.

“There will be times when [recycling] will not be as economical, but over time it will be a good business,” added Fotsch, who also serves as CEO of New Horizon Plastics Recycling, a Whitney-owned PET recycling business in Greenville, S.C.

WER can add glass or minerals to recycled grades of nylon 6, 6/6 and 6/6/6. The site currently is operating about 45 million pounds of annual capacity, but Fotsch said that amount can be increased to 70 million if demand improves. In particular, Fotsch said, WER is hoping for a rebound in demand for recycled nylon in under-the-hood auto parts.

WER has made Ecolon-brand recycled nylon at the site since 1996. The material has been approved for use in automotive engine cooling fans and shrouds by Ford Motor Co. and Robert Bosch Corp. Ecolon initially had only 25 percent post-consumer content, but now has 100 percent, WER officials said.

Additional automotive applications for the material include air-cleaner housings, door handles and cam covers. Nonautomotive uses include parts for small engines used in lawn equipment. The 600-acre site — which includes 2 million square feet of manufacturing space — also has done more work recently with post-consumer polypropylene from carpet or bottle caps.

In addition to the Ecolon unit's output, the WER site can produce 235 million pounds of PET fiber per year and process 190 million pounds of bottles annually.

Fotsch described recycling as "the right thing to do."

"If you can take carpet, and instead of sending it to a landfill, clean up the fibers and turn it into under-hood auto parts, it makes sense," he said. "It's the same thing with PET bottles. You can make a first-rate, quality product again. And since the material isn't tied to oil, it's more stable in price."

"This is a good thing to do. I can explain what I do to my kids and neighbors."

Entire contents copyright 2009 by Crain Communications Inc. All rights reserved.