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HEADING FOR THE WORLD STAGE

Multibax Plc ready to emerge as a global biodegradable plastic producer after four years of intensive R&D. B2

Multibax preparing for global presence

R&D strengthens bioplastic bags

YUTHANA PRAIWAN

The MAI-listed plastic bag producer Multibax Plc (MBAX) is ready to emerge as a global biodegradable plastic producer after having invested heavily for four years in research and development.

"We have achieved satisfactory success in developing biodegradable plastic bags and are now awaiting certificates from certifying bodies from many European countries such as DIN Certco, Apple Logo, Mater-Bi, Vin Cottee and OK Compost," said deputy managing director Pisuth Lertvilai.

Multibax began producing plastic bags in 1995 and now operates three factories in the Laem Chabang Industrial Estate.

Its primary markets are the United Kingdom, Germany, Scandinavian countries, the United States, Canada, Chile, Australia and New Zealand, as well as some Asian countries. The company has been aggressively diversifying into biodegradable plastics to tap rising global demand for products that are not petroleum-based.

"Being close to European clients for a long time has made us aware that biodegradable plastic will be a trend due to growing concerns about green-

house gases," said Mr Pisuth.

Many European countries are considering new legislation that would make bioplastics compulsory in place of petroleum-based plastics, prompting suppliers to search for biodegradable plastic bags worldwide.

"[Suppliers] have found that the bioplastic now available in the market is relatively weak and tears easily and unable to hold heavy items. More importantly, its price is up to three times higher than that of petroleum-based plastic bags," he said.

Mr Pisuth said Multibax had spent 50 million baht on research and development from 2007 to 2010 to search for appropriate formulas for blending locally available cassava with imported biodegradable polymers.

The new formula the company developed allows it to produce a stronger biodegradable plastic bag, he said.

"Our plastic film is stronger while the cost is competitive. We are now talking with our clients about business expansion in Europe," said Mr Pisuth.

Last year, the company's biodegradable plastic bags passed a test in Europe market by receiving accreditation from Belgium's Organic Waste Systems, which certified that the company's products are degradable within eight weeks.

"Some might think what we'd done is crazy because it took up to four years before we could harvest benefits from

50 million baht in spending," said Mr Pisuth. "But we have to be patient and stayed focused."

Nonetheless, during the process of research and development, the company admittedly suffered from negative factors including the global economic slowdown, baht appreciation, a flood of low-cost plastic bags from other Asian producers, as well as stock losses and polymer shortages.

The company as a consequence posted a net loss of 31.2 million baht last year compared with a net profit of 28.4 million in 2009, despite steady annual sales of around one billion baht.

To overcome the challenges, the company has set up an eight-member research team specially dedicated to handling energy-saving and cost-control campaigns at its factories.

"We expect to return to profit next year," said Mr Pisuth, adding that sales from bioplastic products were expected to grow to 30 million baht next year from 5 million this year.

The company's factories produce about 24,000 tonnes of petroleum-based plastic bags per year. Its green plastic capacity is a modest 1,000 tonnes a year.

According to Mr Pisuth, the company is also planning a research and development to manufacture forks and spoons made from biodegradable plastic, hoping to sell them to fast-food operators in developed countries.

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