

Northern Tech Pushes Out New Bioplastics Product Line

BY [SARI KRIEGER](#)

PUBLIC COMPANY

5/28/2008 – Northern Technologies International Corp.'s shares soared 35% Tuesday, after it announced the launch of its new business unit, Natur-Tec, which makes biodegradable plastic products.

The Circle Pines, Minn.-based Northern Technologies manufactures a variety of bioplastics, which it started selling early this year on a small scale and for which it has recently made a bigger sales push. The company also converts waste plastic into energy, offers corrosion prevention services and renewable resource-based additives and formulations for personal-care and industrial applications.

Northern's stock closed up \$2.85 to \$11.10 on the American Stock Exchange on Tuesday.

The company has already seen \$300,000 in sales, and it expects continued growth, said President and Chief Executive Officer Patrick Lynch, in an interview with Clean Technology Investor.

The worldwide plastics market is about \$4 billion, Lynch said. Currently, bioplastics captures less than 1% of that market. But that portion of the market has been growing at a rate of 50% per year, Lynch said, and he estimated that the bioplastics could account for \$30 billion by 2015.

"The market growth is tremendous. There are a lot of customers who want to change over," Dalal said.

The company's plastic is made mostly from corn, but it also uses non-food plant materials. Company officials would not specify which non-food plant source it uses.

"If you look at the market today, corn is right now the dominant feedstock because it is more readily available, but research and development is looking at non-food sources," Vineet Dalal, vice president and director global market development for the company, said in an interview. "I think you'll see a lot of that in the future. Our biodegradable cutlery is made from a non-food based sources."

He said there are some applications that bioplastics cannot replace, but it can be used in shopping and grocery bags, lawn and leaf bags, can liners, pet waste collection bags, cutlery, packaging foam and coated paper products, as well as car interiors.

The bioplastic takes 180 days to break down, and only begins the breakdown process once in a compost pile, Lynch said.

"Other than that, it works and acts like normal [plastic]," Lynch said.

Lynch said the company worked with a local school on a pilot project to reduce its waste stream, and the school saved 30% on its trash hauling fees. Biodegradable plastics can be composted, along with food waste, and companies can sell that compost for fertilizer. Therefore, they are charged less to remove compostable waste than by a trash hauler that transports waste to landfills.

The company's customers vary from five star hotel chains, to universities, school districts and a few municipalities.

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