

Press Release

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Exploding energy prices and raw materials supply difficulties require transparency across the value chain

In deep empathy with the people in Ukraine and for the sake of the European peace order, CAEF stands behind the sanctions against Russia. However, the consequences for the European economy can only be borne, if there is an open dialogue between suppliers and customers.

The current development on the energy and raw materials markets is pushing the European foundries to the edge of the possible and even beyond. While gas is mainly used in melting operations for non-ferrous metals, it is not substitutable by other fuels in pre- and post-treatment operations in iron foundries either. The energy-intensive foundry industry is suffering in particular from the enormous explosion in energy prices.

Direct trade between Europe and Russia is more and more coming to a stop. European ports have already been partially closed to Russian vessels. Meanwhile, Ukrainian ports have already been mined by Russian aggressors, making exports impossible. Within Europe, in addition, road transport of goods has already been noticeably impaired. Tens of thousands of Ukrainians have exchanged their trucks for guns and returned to their home country. The international supply chains, which are still struggling with the consequences of the pandemic on top of everything else, are thus stretched to breaking point. Due to interruption or adaptation, transport routes have been cancelled or significantly disrupted. In the search for international alternatives, every additional freight kilometre has doubled in price, also in view of the rapidly rising petrol prices.

Foundries are therefore also confronted with considerable price jumps on the procurement side. For many metallic input materials never seen maximum prices currently apply. The important iron and aluminium supply sources from Russia and Ukraine are currently blocked, pushing the metal prices at sky level. The supply commitment increasingly consists of only a few hours or even minutes. Many existing framework agreements for the supply of materials are suspended. Alternative supplier countries can only be identified to a limited extent on the world market.

Every purchasing decision by foundries today is characterised by a much higher degree of speculation than before the price explosions. Overall, the supply of raw materials is facing

significant difficulties. That is why it is right for customer-supplier relations to take on a new level.

In these extraordinary times, customers of cast products should communicate their needs transparently and recognise their suppliers more than ever as an elementary cornerstone of the value chain.

Background information on CAEF:

CAEF is the umbrella organisation of the national European foundry associations. The organisation, founded in 1953, has 22 European member states and works to promote the economical, technical, legal and social interests of the European foundry industry. At the same time, CAEF implements activities which aim at developing national foundry industries and co-ordinating their shared international interests. The General Secretariat is situated in Düsseldorf since 1997.

CAEF represents 4 700 European foundries. Nearly 300 000 employees are generating a turnover of 43 billion Euro. European foundries are recruiting 20 000 workers and engineers per year. The main customer industries are e.g. the automotive, the general engineering and the building industries as well as the electrical engineering industry. No industrial sector exists without using casted components.

Further information at www.caef.eu.

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