SYNDICAT DES ÉQUIPEMENTS DE LA ROUTE

RAW MATERIAL SHORTAGE

STAKES & CONSEQUENCES

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French Road Equipment Association

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RAW MATERIAL SHORTAGE: STAKES & CONSEQUENCES

1. STEEL SHORTAGE

1. **STEEL** SHORTAGE

- Rise in steel costs since **October 2020**
  - adds to the difficulties endured with COVID
- Coil ton price x2
  - compared to the pre-crisis situation
- Violently impacts the sector of road restraint systems
  - causes a **shortage** of hot rolled coil

1. **STEEL** SHORTAGE

- Reduction of Asian exports
  - closure of 6 polluting Chinese steelworks
- Reduction of European production by 30%
  - equals **22 million ton** of steel per year
- Extension of delivery times
  - global shortage → rates increased

1. STEEL SHORTAGE

- Road restraint systems sector impacted firsthand
  - raw steel = **80 to 85 % of the cost** of a road restraint system
  - hot dip galvanizing = 10 to 15 % of its cost
    - endured rises of zinc prices (+50% in one year)
  - companies can no longer honor markets negotiated before the crises
    - cash flow difficulties

RAW MATERIAL SHORTAGE: STAKES & CONSEQUENCES

2. ALUMINUM SHORTAGE

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- Aluminum prices **+30%** since early 2022
  - → historical rate: **$3.983 / ton**
  - + processing costs (from $500 to **$1.800 / ton**)

- The cost of metal has nearly **doubled in 2 years**
  - unprecedented crisis in Europe

2. ALUMINUM SHORTAGE

- First price increase due to Covid-19
  - **extension** of supply times since march 2020
  - post-covid : lag between resumption of production and rapid recovery of global economy

- Global demand +10%
  - increases supply difficulties
  - 2021 : prices of Chinese imports +60%
    - **destabilization of global balance**

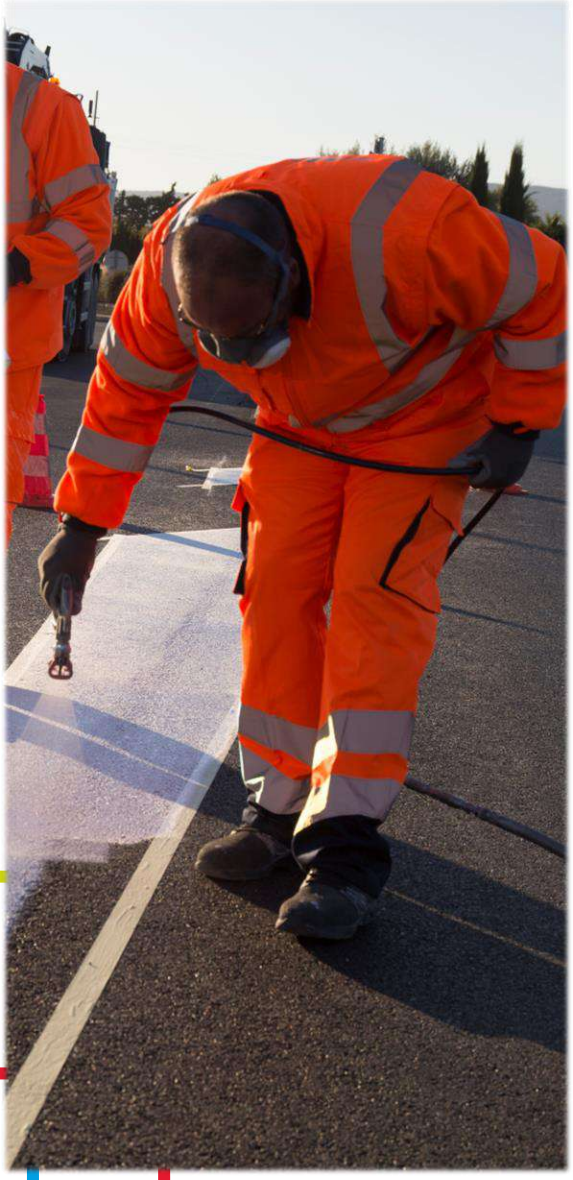
2. ALUMINUM SHORTAGE

- Explosion of energy costs
  - **+40% in a year**
    - shutdown of foundries, sometimes until 2024
- Additionnal factor: **the ukrainian conflict**
  - risk of alumina shortage
  - logistical difficulties → interruption of deliveries from Ukraine
  - embargo on russian metal
    - France imports **33% of its aluminium from Russia**

RAW MATERIAL SHORTAGE: STAKES & CONSEQUENCES

3. PAINT SHORTAGE

3. **PAINT** SHORTAGE

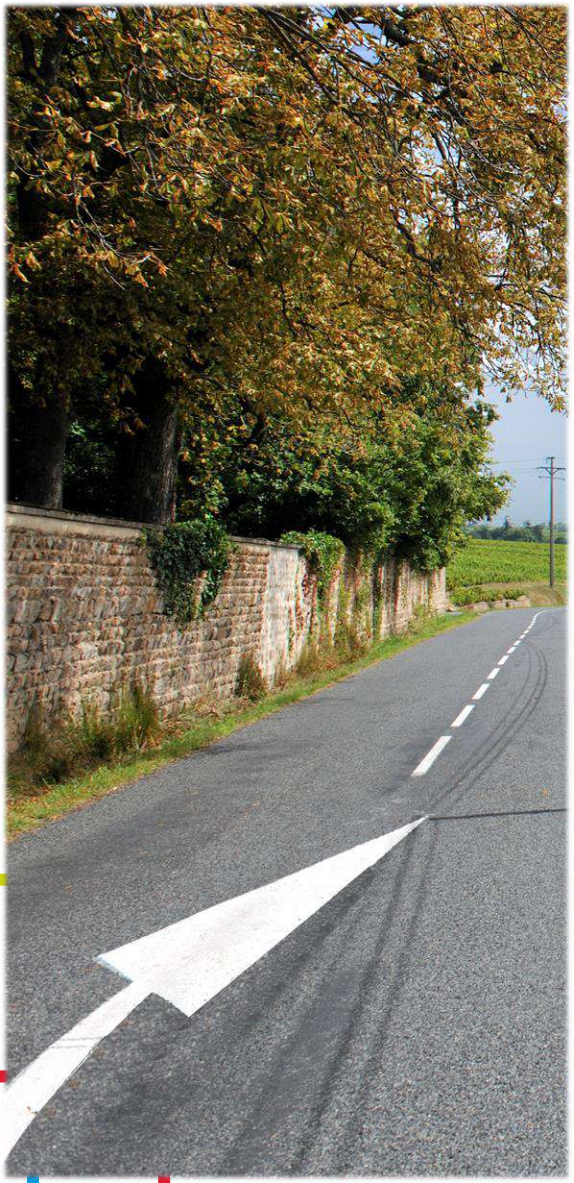


- First shortage due to **quarantine confinements** since 2020
  - private painting work
    - same raw materials used to manufacture industrial paint
- Suppliers favor bigger customers
  - building sector **>** horizontal sign industry
- **Titanium dioxide** shortage
  - reduction of deliveries from China (1st global producer)
  - 2016 = €2.100 / ton → **2022 = €3.600 / ton**

3. PAINT SHORTAGE

- Cold wave in the US
  - shutdown of the first american resin factory
    - **increase of delivery times**
- Factory fire in Poland
  - manufacturer of the hardener product used for cold coatings
  - **supply difficulties**

3. PAINT SHORTAGE



- Price increases
  - increase for all paint components
    - ex: **solvents +300%**
  - increase of **packaging** prices
    - metal canisters +50%
    - wooden pallets: 2021 = €335 / ton → **2022 = €506 / ton**
  - skyrocketing **gas** prices
    - undermines glass beads manufacturer
  - **fuel** price increase and ukrainian conflict
    - several supplies +15% to +20% for transportation

THANK YOU !

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Syndicat des Equipements de la Route