

PRESS RELEASE

EUROFORGE

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Energy costs exploding – Forging industry is seriously endangered!

Brussels, 2021-11-30 – The European forging industry is currently facing an existential threat. The reasons: the serious impact of the shortage and increase in the price of raw materials and the volatility in order call-offs in the wake of the semiconductor crisis. In addition, the companies are now confronted with an unprecedented energy price explosion. The European forging association is sounding the alarm and calling on customers and politicians to act quickly.

The European forging industry with its 70,000 employees is being hit particularly hard by the current cost increases in electricity and gas purchasing. The electricity price has more than tripled since October 2020, the gas price even more than quadrupled.

Tobias Hain, Secretary General of the European forging association Euroforge, illustrates the consequences: "The energy cost share is rising from normally between 4 and 7 percent to 8 to 14 percent for the energy-intensive companies in our industry. With average profit margins of just 2 per cent, this inevitably leads to loss-making orders, liquidity bottlenecks and, as a consequence, a significantly increased risk of insolvency. Urgent action is needed!"

Euroforge President Alper Kanca explains the drastic consequences: "Energy cost increases are usually excluded in the contracts agreed between companies and customers, so that the increases presented would have to be borne by the suppliers alone."

The disruptions in the supply chain due to the semiconductor crisis and further supply bottlenecks are also a cause of concern for the European massive converters: "Since it is difficult to identify those responsible, we plead for solidarity between OEMs and suppliers. We need reliable production figures and call-off planning from our customers. We can only order input material if we have a definite guarantee that the parts will be accepted. We need a transformation of the supply relationship and urgent support from our customers", adds Alper Kanca.

Politicians are also called upon to alleviate the situation and compensate for disadvantages of European industry against global competition. "Trade barriers for steel and all state-influenced energy cost increases must be suspended immediately in order not to escalate the situation even further!" demands Tobias Hain.

About EUROFORGE

EUROFORGE AISBL is the association of the European forging industry. We represent 11 national associations with 370 member companies, 70.000 employees and a total of 13,5 billion Euro of annual turnover. By supporting the exchange between our member associations as well as organising benchmarks and expert groups EUROFORGE develops the European forging technology and enhances the international competitiveness of our industry sector. The European forging technology – despite its thousands-of-years old history – has a worldwide reputation for high-tech meaning highest quality, productivity, innovation and energy efficiency. Forged parts guarantee safety, resilience, long-life performance and efficiency in every propulsion and conveying system. Nothing moves without forging technology!

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