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Press release - CEMEP UPS

Impact of soaring lead prices on secure energy solutions

Lead is going through the roof



After a long period of stability at around \$1,000 a ton, the price of lead has been spiralling out of control over the past year (+160%), with a renewed upsurge in the last six months (+78%).

Alternative solutions?

The use of other battery technologies (cadmium, lithium-ion etc) to ensure secured power is reserved for special applications (defence, oil & gas etc), given their cost.

One should be aware that batteries with low-grade lead, albeit cheaper, are not a viable alternative. UPSs must be constructed with high-grade refined lead to perform their security and continuity functions to the full.

Furthermore, using lead in batteries is environmentally beneficial, because of all the metals, lead has the best recycling ratio (source LDAI: <http://www.ldaint.org>).

Despite this inflationary trend, the lead-based battery is still by far the best value for money for applications demanding continuity of service.

Uninterruptible power supplies (electrical protection devices) generally feature so-called AGM (Absorbent Glass Mat) batteries with a lead content of over 80%.

Useful links:

- CEMEP UPS (European Committee of Manufacturers of Electrical Machines and Power Electronics) www.cemep.org/
- Gimélec www.gimelec.fr
- London Metal Exchange www.lme.co.uk
- EUROBAT www.eurobat.org
- International Lead and Zinc Study Group (ILZSG) www.ilzsg.org/
- Lead Development Association International www.ldaint.org/

Strange but true....

"Nearly 20 million new electric bicycles were sold in China this year, generating a fleet of over 70 million bicycles in the streets, where they were only counted in thousands 10 years ago.



The electric bicycle market is thought to represent about 13.1% of the demand for lead in China" Source: Matthew Walls - Dow Jones News-wires.

Why?

A surge in demand, well in excess of supply.

Particularly buoyant global demand driven by industrial growth in India and China (+2% per annum up to 2004, +20% per annum in 2007).

An extremely depleted stock of lead worldwide: the 30,000-ton threshold, equal to 2 days' consumption, was crossed in August 2007 (Global stocks as of 30 September 2007: 22,150 tons - source LME)

Lead inflation, an enduring trend?

That is what we were wondering 18 months ago... and since then lead has continued to surge. As have many other raw materials; and many analysts agree that this trend could continue for some time, given the unflagging demand from China and India. The rise in lead therefore looks as if it is going to endure, and no one is currently expecting a downturn.

What impact on secure energy solutions?

Uninterruptible power supplies (UPS) are now used in all areas of industry and the service sector to protect sensitive applications. The battery, which stores the energy, is the main component of such solutions and usually represents 20 to 30% of the price of the equipment.

72% of the lead is used to make batteries, mainly in the automobile sector (53%) and in industry (19%): secure energy in the Telecom, IT, Data Centre, Process and Infrastructure sectors....