



Cross-industry group of European metals-producing and -using industries and their workers warn against catastrophic impact of Chinese magnesium supply shortage

Europe's industry associations European Aluminium, Eurofer, ACEA, Eurometaux, industriAll, ECCA, ESTAL, IMA, EUWA, EuroAlliages, CLEPA and Metals Packaging Europe have today issued an urgent call for action against the imminent risk of Europe-wide production shutdowns as a consequence of a critical shortage in the supply of magnesium from China. Magnesium is a key alloying material and widely used in the metals-producing industry. Without urgent action by the European Union, this issue, if not resolved, threatens thousands of businesses across Europe, their entire supply chains and the millions of jobs that rely on them.

Due to the Chinese Government's effort to curb domestic power consumption, supply of magnesium originating from China has either been halted or reduced drastically since September 2021, resulting in an international supply crisis of unprecedented magnitude. With the European Union almost totally dependent on China (at 95%) for its magnesium supply needs, the European aluminium, iron and steel producing and using industries together with their raw materials suppliers are particularly impacted, with far-reaching ramifications on entire European Union value chains, including key end-use sectors such as automotive, construction and packaging.

The current Chinese supply shortfall has already resulted in record prices and worldwide distortions in the supply chain. Today's remaining magnesium imports are trading at extortionate prices of about \$10,000 to 14,000\$/mton, up from approximately \$2,000/mton earlier this year, making it almost impossible for European companies to produce or source magnesium-containing materials at a viable level. Europe is expected to run out of magnesium stocks by the end of November, with production shortages, business closures and associated job losses to follow.

To that effect, our industries jointly call on the EU Commission and national governments to urgently work towards immediate actions with their Chinese counterparties to mitigate the short-term, critical shortage issue as well as the longer-term supply effects on European industries.

ACEA - The European Automobile Manufacturers' Association (ACEA) represents the 15 major Europe-based car, van, truck and bus makers: BMW Group, CNH Industrial, DAF Trucks, Daimler, Ferrari, Ford of Europe, Honda Motor Europe, Hyundai Motor Europe, Jaguar Land Rover, Renault Group, Stellantis, Toyota Motor Europe, Volkswagen Group, Volvo Cars, and Volvo Group.
Contact: Cara McLaughlin, Communications Director, cm@acea.auto or visit www.acea.auto.

EUROPEAN ALUMINIUM is the voice of the aluminium industry in Europe. Our 85+ members include primary aluminium producers, downstream manufacturers of extruded, rolled and cast aluminium, producers of recycled aluminium and national aluminium associations – representing in total more than 600 plants in 30 European countries. Aluminium products are used in a wide range of markets, **Contact:** Pia Alina Lange, Public Affairs & Communications Director, lange@european-aluminium.eu or visit www.european-aluminium.eu.

EUROFER is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in the United Kingdom and Turkey are associate members.
Contact: Lucia Sali, L.Sali@eurofer.eu and Aurelio Braconi, A.Braconi@eurofer.eu or visit www.eurofer.eu.

EUROMETAUX is the decisive voice of non-ferrous metals miners, producers and recyclers in Europe. With 500,000 employees and an annual turnover of €120bn, our members represent an essential industry for European society that businesses in almost every sector depend on. Together, we are supplying Europe's energy transition and a more circular future through the endlessly recyclable potential of metals.
Contact: Chris Heron, Communication and Public Affairs Director, heron@eurometaux.eu or visit www.eurometaux.eu.

ECCA – Since its establishment in 1967, ECCA, the European Coil Coating Association, is the Voice of the coil coating industry (pre-painted metals) in Europe with more than 90 member companies active in this market (steel/aluminium coil coaters and their suppliers). ECCA is dedicated to the promotion of the use of coil and/or sheet coated metal as the environmentally sound, the cost effective and the high-quality method of finishing.
Contact: Yvonne Barcelona, Managing Director, Yvonne.barcelona@prepaintedmetal.eu or visit www.prepaintedmetal.eu.

ESTAL represents the aluminium surface treatment industry in Europe. ESTAL members are national associations representing the aluminium anodizing and powder coating plants in various European countries, including the United Kingdom and Turkey as well as some individual finishing plants and suppliers of the surface finishing industry of aluminium.
Contact: Dr. Metin Yilmaz, Vice President, metin_yilmaz@cuhadaroglu.com or visit www.estal.org.

IndustrialAll European Trade Union represents the voice of 7 million working men and women across supply chains in manufacturing, mining and energy sectors across Europe. We aim to protect and advance the rights of the workers. Our federation has 181 trade union affiliates in 38 European countries. Our objective is to be a powerful player in the European political arena vis-à-vis European companies, European industries, employers' associations and European institutions.
Contact: Elspeth Hathaway, Policy Advisor, Elspeth.Hathaway@industrialall-europe.eu or visit www.industrialall-europe.eu.

IMA is the global voice of the magnesium industry. Founded in 1943, the mission of the International Magnesium Association (IMA) is to promote the use of the metal magnesium in material selection and encourage innovative applications of the versatile metal. IMA's members consist of primary producers of the metal, recyclers, foundries, fabricators, end-users and suppliers.
Contact: Rick McQueary, IMA President RMcQueary@magspecialtiesinc.com and Martin Tauber, IMA European Representative martintauber3120@gmail.com or visit www.intlmag.org.

EUWA is an Association among the European wheel manufacturers producing wheel rims for the automotive and truck industry as well as for many other kinds of vehicles. Our 28 members representing a total turnover of about roughly 6.5 billion € (with wheels as some make also other products as well) generated with ca. 25.000 employees.
Contact: Marc Hendrickx, President, marc.hendrickx@euwa.org and Jörg Sumpmann, Head of EUWA Competence Center, joerg.sumpmann@euwa.org or visit www.euwa.org

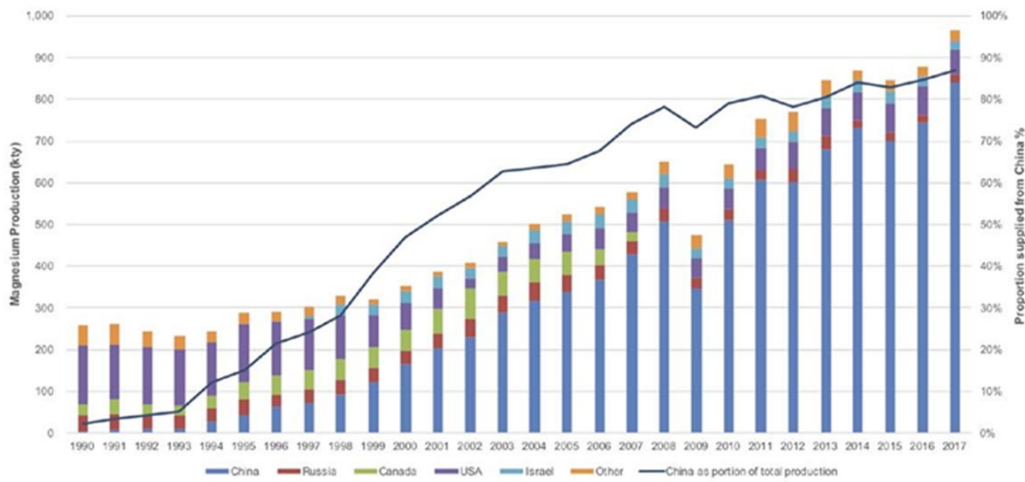
EUROALLIAGES is the European Association of ferro-alloys and silicon producers, representing about 95% of ferro-alloy and silicon production in Europe. The Association's objective is to promote the safe, environmentally friendly and competitive production of ferro-alloys and silicon in Europe. EUROALLIAGE's membership includes 21 companies, operating nearly 35 plants in 12 different countries, with 5000 employees and a cumulative turnover of around 3,500 million Euro.
Contact: Inès Van Lierde, Secretary General, vanlierde@euroalliages.be or visit www.euroalliages.com.

CLEPA, the European Association of Automotive Suppliers based in Brussels, represents over 3.000 companies, from multi-nationals to SMEs, supplying state-of-the-art components and innovative technology for safe, smart and sustainable mobility, investing over €30 billion yearly in research and development. Automotive suppliers in Europe directly employ 1.7 million people in the EU.
Contact: Filipa Rio, Head of Strategic Communications, f.rio@clepa.be or visit www.clepa.eu.

Metal Packaging Europe is the Brussels-based industry association which brings together European rigid metal packaging manufacturers and their national associations and represents the voice of the industry at European level.
Contact: Léonie Knox-Peebles, Chief Executive Officer, leonie.knoxpeebles@metalpackagingeurope.org or visit www.metalpackagingeurope.org.

Annex

Figure 1 - Evolution of magnesium production per region (1990-2017)



Source: CM Group, The Magnesium Report 2017, July 2018, p.60.

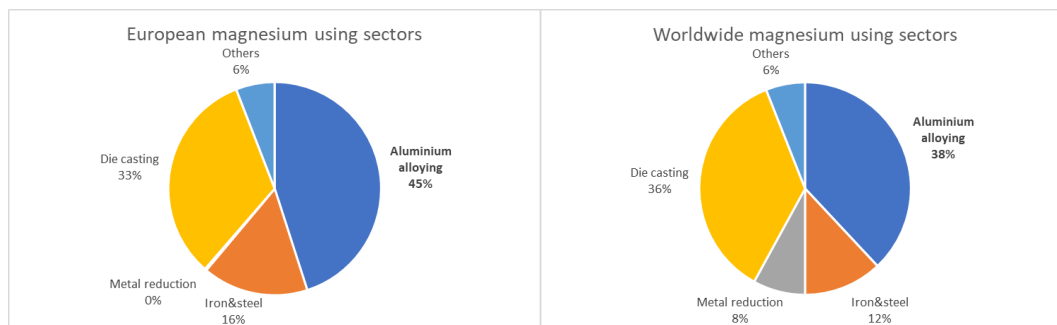
The magnesium market:

Annual demand: 1.2 million tonnes, with 87% being produced by China and 39% being used by China.

Europe and North America use each around 19%. Japan uses 4%.

Europe is particularly hit by the current supply shortage since almost all magnesium used in Europe is imported from China.

Figure 2 – Magnesium using sectors (Europe and worldwide)



Source: European Aluminium, 2021