



ODLEWNICZA IZBA GOSPODARCZA

• Foundry Chamber of Commerce •

Członek Europejskiego Zrzeszenia Odlewni (CAEF)



Cracow, March 10, 2022

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Recommendation of Polish Foundry Chamber of Commerce - on March 9, 2022 in relation to a drastic increase in the prices of energy and materials used in foundry industry.

Ladies and gentlemen,

The current situation on the raw material markets related to Russia's aggression against Ukraine was the main subject of the Extraordinary Assembly of members of Polish Foundry Chamber of Commerce, which took place in Krakow on March, 8th 2022.

Chamber is observing, with a great concern, the drastic increases in the prices of raw materials and energy not only on the domestic but also global market. They result, among others, from perturbations (disruptions to the established order), and even breaks in the supply chains of materials from conflict-affected areas and speculation on raw materials markets. This especially applies to basic raw materials and materials used in the foundry industry (pig iron, scrap, coke, auxiliary materials, ferroalloys), which so far in our country have largely come from Ukraine and Russia.

Polish foundries have been facing similar challenges for a year now, but the current situation is exceptional. The prices of raw materials are rising day by day, further expected increases are double-digit, and payment terms are drastically shortened by suppliers, including the requirement for prepayments for deliveries.

Taking into account the seriousness of the situation, Polish Foundry Chamber of Commerce recommends Polish foundries to suspend the existing long-term supply contracts - due to the occurrence of force majeure - in the range of price calculation, to update the sales prices of castings in relation to increases in the prices of raw materials and energy, and to apply the new prices immediately.

As already mentioned above, Chamber also recommends the suspension or abandonment of the use of raw material and energy additives (MTZ and ETZ indicators) based on the indicators from the past, published in practice with a 2-month delay in relation to real market prices, and instead of introducing the current material index taking into account the most recent increase in material prices or the use of forecast prices, which the Chamber will publish on the website <http://www.oig.com.pl/wskazniki.html>

The prices of materials will be updated on the basis of information provided to Chamber by its members on the last day of each month.

The goal of this recommendation is to prevent the loss of financial liquidity by foundries in the event of sudden price increases that are not reflected in the selling prices and to maintain continuity of production and supplies for domestic and foreign customers.

Yours sincerely,

President

Andrzej Ryba