

News from the British Cables Association

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Escalating materials costs will inevitably impact on energy and data cable prices

In response to dramatic increases in raw material prices, the British Cables Association (BCA), the body representing 85% of the UK's energy and data cable manufacturers, is warning of impending cable product price rises.

On average, cable raw materials account for upwards of 60% of total production cost, which means brought-in price levels have to be very carefully monitored.

The current scenario is that, as reflected in national press reporting, the price of copper and aluminium has almost doubled in recent times, with steel just a little way behind this level. In addition, plastic materials prices, driven by increases in oil prices, rose during 2004 by between 40% - 50%. Add to these increases the rising costs for gas, electricity and transportation – all of which have escalated well beyond their normal indices – and a realignment of factory door prices becomes an inevitability.

Looking forward from 2005 towards 2006 and beyond, BCA does not envisage any easing of these cost pressures – indeed it foresees a worsening. This will be because of escalating restrictions in the supply of some materials, especially copper. BCA ultimately believes that as the supply constraint grows this will eventually lead to a true market shortage, probably resulting in product allocation. Such a circumstance would, in turn, have further immediate implications for prices.

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