

## What we learned at ILA's Lead Battery Conference

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Metal Bulletin was at the International Lead Assn's (ILA) Lead Battery Conference in Edinburgh last week, where delegates turned their attention to the outlook of the battery industry, concerns over competition and the prospect of a lead supply shortage. Here is a summary of what we learned.

- Despite competition from lithium-ion batteries, the outlook for lead-based batteries is strong. Any move towards lithium-ion is happening at a very slow pace, delegates said. Higher costs, safety concerns and slow technological advancements will stall the advance of lithium-ion batteries, Christophe Pillot, director of Avicenne said.

- By 2016 the battery market will be worth \$10 billion, up from \$8.6 billion in 2013, according to Mitch Bregman at Hollingsworth & Vose, which could signal good lead battery demand ahead. But lead battery makers need to keep renovating to compete in this growing market, as applications in the battery industry are getting more diverse and more complex. "If you don't follow the customer's problems on the lead-acid battery somebody else will," Bregman told delegates.

- On the battery scrap side, supply is becoming increasingly tight, with delegates at the conference predicting that the situation will not resolve itself over the coming years. Eventually some secondary lead smelters could be forced to close, they said, but this may take a long time due to the high cost of closing plants.

- In the longer term, the tight scrap supply could help drive supply shortages in the lead market, Neil Hawkes from CRU International told delegates. The high scrap prices could lead to secondary smelter closures, which, combined with increasing regulations and zinc mine closures, could push lead prices up to target their 2011 high in the long term, he said.

- This year the lead market has shifted from being in surplus to balance, delegates said. Some had predicted that the market would be in deficit this year, but lead demand has been capped by slowing economies in Europe and China, and a deficit may take a few years to emerge. "If China was still growing at 7-8% then it would be a different story" a lead producer said.

- But some expect that a reduction in lead supply on the back of the closures of Herculaneum at the end of 2013 and La Oroya in July should start to have an impact on the lead market. A reduction in supply has not been felt yet, with lead prices and premiums remaining largely stable this year, but delegates predicted that once demand improves premiums would start to reflect the tighter supply.

- The lead market is keeping a close eye on regulations, as the five-year exemption for lead batteries on the wider ban on lead in vehicles within the EU's ELV directive is due for review in 2015. While it is likely a further extension will be granted, ILA's Andy Bush warned that a lengthy exemption is needed to ensure continued investment in the industry.

- As the lead industry struggles against regulations restricting the metal's use, many stressed that better

promotion about the benefits of lead is needed. "It seems to me that lead recycling and production is an impressive story and something that you are doing very well, but you haven't managed to make much noise about it," Julian Allwood from the University of Cambridge told delegates. The ILA has already responded to the need to promote the industry more, and Bush said that they have started to focus more on communication.

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