

*June 2023*

## **Aluminium foil deliveries return to pre-pandemic levels and inflation and inventory management affect demand**

Following a long period of higher levels of demand for aluminium foil, due to inventory building and pandemic related demand from consumers, trading has returned to levels last seen in 2020. Deliveries from European rollers dipped by 3.3% in Q1 2023 compared to the previous year but are only marginally less than before the pandemic at 231,700 tonnes (2020: 239,500), according to figures released recently by the European Aluminium Foil Association (EAFA).

Weakness in demand for packaging and packaging-related applications, due to a return of regular consumption patterns after the pandemic, as well as high inflation, are seen as major factors. Shifts away from in-home consumption and home deliveries are at pre-pandemic levels, affecting applications such as converter foil and semi-rigid containers, while out-of-home consumption is still not fully back to normal. In addition, the stock building, which was seen at all points within the entire supply chain (packaging production, food production, retail, end consumer) is now being followed by an extended period of de-stocking, as companies normalize their inventories.

After many quarters of strong demand, domestic deliveries for aluminium foil fell by 6% overall with the largest decline (5.5%) seen in thinner gauges, used mainly for flexible packaging and other kitchen applications, which had shown remarkable growth in Q1 2022 from 2021. Exports of thinner gauges declined by almost 3% but sales outside Europe account for modest tonnages. Overall demand has been quite stable over the last three years with fluctuations around 2%, apart from the latest figure.

Thicker gauges, used for semi-rigid containers, technical or other applications, continued to find the market in Europe challenging with volumes almost 7 percent. However, this was offset to some extent by a far stronger export performance, up by nearly 70% on the previous year. Exports are now almost at 2020 levels, after steady declines in 2021 and 2022. But thicker gauges make up a small volume of total export sales, so the impact on production levels is less.

Guido Aufdemkamp, Executive Director of EAFA commented, "It is disappointing that the first quarter of 2023 saw some decline in overall demand for aluminium foil, but it is not wholly unexpected, We replaced one major issue, the pandemic, with other issues, such as the conflict in Ukraine, high inflation and weakening consumer demand for many products using aluminium foil, such as confectionery, while new applications such as battery foil have not yet kicked off as formerly anticipated."

“However, these are a mixed bag of figures. They show the export situation improving. But increasing exports out of Europe do not fully compensate for the losses due to weaker domestic demand. Both 2021 and 2022 were exceptional in many ways and looking across the last three years the market for aluminium foil has proved very resilient. Looking ahead, inflation is a key factor in many of the markets we supply, so if it starts to come down as expected, later in 2023, then we can look forward to some recovery in demand. Currently we are in a situation of ‘wait and see’. If there are no clear signals aluminium foil demand will stay somewhat depressed, but this can change quickly,” he added.

*The European Aluminium Foil Association (EAFA) is the main trade association, specifically representing companies engaged in the rolling and rewinding of aluminium foil and the manufacturing of semi-rigid alufoil containers and household foil in Europe. With its more than 40 members, the organisation represents the total aluminium foil rolling market in Europe. [www.alufoil.org](http://www.alufoil.org)*

**Further information:**

Patrick Altenstrasser, Manager Communications  
[communications@alufoil.org](mailto:communications@alufoil.org)