

Copper Substitution Trending Low

According to new research commissioned by the International Copper Association (ICA), substitution of copper reached just 0.8% of total use in 2018. The annual substitution study—carried out by DMM Advisory Group—found that copper remains the preferred material for a range of applications, versus a variety of alternatives.

The study also showed that China—the largest area of copper demand globally—uses copper as the material of choice in electrical applications. The country’s net substitution is 0.6%, which is lower than any other region, primarily because of specific geographical product trends and the value placed on copper’s ability to deliver high quality. Energy efficiency standards have a strong positive impact on the preference for copper in electrical applications.

Krisztina Kalman-Schueler, author of the research, explains: “Copper-based miniaturization solutions have provided a strong defense against substitution. In the current cost environment, the key factors impacting substitution are relative material costs, regulations and new technologies.”

A very gradual but overall small increase in substitution and miniaturization might occur in the next five years. However, the impact on total copper demand will be mitigated by the moderate to strong future growth forecast for most copper products. Automotive wires, electrical motors and building wire, to name a few, all show signs of significant growth in the next five years.

“The broad market outlook for copper remains positive,” says Colin Bennett, Global Manager, Market Analysis and Outreach at ICA. “The cumulative tiny increases in substitution last year represent a small fraction of total copper use. In future, electrification, energy efficiency requirements and e-mobility are just some factors that harbor larger growth opportunities for copper.”

About the International Copper Association (ICA)

ICA brings together the global copper industry to develop and defend markets for copper and to make a positive contribution to society’s sustainable development goals. Headquartered in Washington, D.C., ICA has offices in four primary regions: Asia, Europe and Africa, Latin America and North America. Copper Alliance programs and initiatives are executed in nearly 60 countries through its regional offices. For additional information, please visit www.copperalliance.org.

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