

Grease, the market and the future?



As any grease producing company, Axel Christiernsson and all our colleagues in the industry, we are all now looking very hard into the crystal ball in order to try to predict what the future will hold for us.

We are not only dependent on the local and global economy, local and global growth, but very much so on the raw materials that we need. At a sales/end-user level the global demand for grease is stable, maybe more so than in many other business areas. Operators of equipment requiring lubrication may not be investing in new machines, but the old ones still need to be maintained. In more mature regions of the world we see a slight decrease but, also a shift towards more high tech lubricants. In developing regions we see an increase due to expansion of industries, so from that perspective we are all doing quite well... but...

Whilst demand for finished grease is quite stable, we are currently seeing trends in other areas of both the fuels and lubricants industry as well as consumer markets that are starting to have an impact on certain raw materials used for lubricating grease.

We need oil, we need thickener components, and we need additives. Grease is a part of the oil business, but we are very small players in that field.

As the relative volumes of our raw materials are used in wider areas we are very dependent on others. Approximately 75% of all greases are (still) based on Lithium technology. The precious Lithium that we need to make our soaps to fulfill that demand is more widely used in other areas. The grease industry is only consuming about 9% of the Lithium produced, whereas the Ceramics and Glass plus the battery production consumes over 70%.

For the oil we are only consuming a fraction of what is produced. This certainly does not place the grease industry in the driver's seat when it comes to having an influence on the market. We see this happening as price for LiOH skyrocketed, we also see that the Group I base oils that we also like so much as it is an excellent component for making grease is being reduced. We are not in a place where the grease industry has enough leverage to prevent a shift. Our raw materials will probably always be there, but at what price?

This will hopefully lead to a situation where the market is more open for alternatives to Lithium based greases, they have been around for more than 70 years now. It is a great grease, but there are also great alternatives that provide even greater benefits. It may also lead to new discoveries, further development in other thickener technologies. So the future,

although it may be volatile on the purchasing side, may create new opportunities and technologies that may be as hard to kill as the Lithium based greases and the penetrometer.



In the Nordic countries this openness to new technologies is starting to show. We do see a clear trend that Biodegradable greases are increasing where the loss lubrication is ending up in the ground. Although Sweden is a relatively small country in the world much of the GDP is from export of goods, machinery, vehicles and related services. More and more lists of 'approved lubricants' are now including biodegradable products. That also increases the demand for said products in a larger scale. In many cases this is driven by legislation rather than own initiatives, but a small change in a small country can make a difference in larger areas. Now there are biodegradable greases with performance on par or even better than their less biodegradable counterparts, also at prices that are most relevant.



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