

Press statement

Europe must address its industrial competitiveness gap to maintain climate leadership

21 January 2014

In view of the publication of the 2030 climate package and the new European Commission communication on industrial policy, the European Aluminium Association issues the following statement:

"The aluminium industry in Europe has become the prime example of how the EU's unilateral climate policies can negatively impact the economy. Only two months ago, a European Commission cost assessment showed that the aluminium industry in Europe - once a global leader - had become globally uncompetitive under the burden of EU climate policies. In the last five years, 11 out of 24 aluminium smelters in Europe have closed or curtailed. This will also affect the innovation capacity and competitiveness of downstream sectors in the aluminium industry. How many more strategic sectors will relocate? How much revenue and how many jobs be lost, and how many innovation clusters and value chains will be dismantled before action is taken? We have all the facts, now we need action.

Europe needs to safeguard its industry in order to achieve its climate targets. The aluminium industry alone has halved its CO₂ emissions since 1990 and is a key solution-provider of resource and energy-efficient applications in transport, building, and packaging.

Europe needs to put in place an industrial strategy to ensure growth and GDP contribution.

Before setting any long term climate targets, we need our leaders to first secure affordable and stable energy prices and to exempt the aluminium industry from the costs of unilateral EU policies that we cannot pass on to our customers."

This statement can be attributed to Roeland Baan, EAA Chairman and Executive Vice President & Chief Executive Officer, Global Rolled & Extruded Products at Aleris.

Background information

Primary aluminium production in the EU has lost 36% in production between 2007 and 2012, and 11 out of 24 smelters have closed or curtailed in the same period.

At the same time, global demand for aluminium has continued to grow as it is a strategic material for low carbon solutions in the building, transport, and packaging sectors.

In November 2013, in the framework of a [fitness check on the aluminium](#) sector, the European Commission performed a first ever analysis of the costs borne by the aluminium industry attributable to EU legislation:

- The assessment emphasises the difference between EU-based smelters that are still shielded from the cost of EU policies, thanks to pre-ETS long term contracts, and those that are fully exposed to EU electricity market and ETS rules. The latter have become the least competitive smelters in the world and face extra costs of up to €228 per tonne of aluminium produced i.e.: 11% of total production costs (including raw materials).
- The study emphasises that ETS indirect costs (the costs of CO2 passed on by electricity producers in power bills) and surcharges to support renewable energies are the main causes of the industry's competitiveness gap.
- The study also comments on the damaging effect of other EU policies on the region's manufacturing sector.
- The costs of unilateral EU policies cannot be passed onto the customers of European producers as aluminium prices are set on the global market.

Drawing on the conclusions of the Commission's study, the EAA published an [agenda for action](#) in which it calls for concrete policy measures to:

- Ensure competitive energy prices through sound industrial, climate, and energy policies
- Secure availability of scrap, thereby further unlocking the recycling potential and fostering Europe's circular economy
- Maintain the EU industrial value chain, promote innovation, and boost demand for resource-efficient solutions

About the European Aluminium Association:

The European Aluminium Association, founded in 1981, represents the whole value chain of the aluminium industry in Europe, from alumina and primary production to semi-finished, end-use products and recycling. The European aluminium industry directly employs about 255,000 people and yields an annual turnover of 36.8 billion €. *For information, please visit www.alueurope.eu*

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