

Proposed EU energy emergency measures are necessary but not enough to help aluminium industry survive winter

Brussels, 15 September 2022 – European Aluminium, the voice of the aluminium industry in Europe, considers the emergency measures proposed by the European Commission yesterday a welcome first step to address the extremely high energy prices. However, the industry association points out that these measures are not enough and will not save the energy-intensive aluminium industry from further production cuts, job losses, and possibly a complete breakdown.

The short-term measures aim to reduce electricity demand and redistribute financial resources to exposed consumers, including energy intensives like the aluminium industry. But while the measures might provide some much-needed immediate relief, European Aluminium stresses that the proposed measures do very little to tackle the extremely high energy costs (and gas prices in particular) and need to be adjusted.

“We’re glad to see the Commission listened to our calls for the need to safeguard hedging possibilities and introduce further incentives for signing renewable power purchase agreements. However, as one of Europe’s most exposed industries, we need much more relief from the exorbitant gas prices to keep our factories open. We’re extremely concerned about the survival of the aluminium industry in Europe and are worried that these proposals do not reflect the urgent need to support a critical industry like aluminium,” says Paul Voss, European Aluminium’s Director General.

“We urge Energy Ministers to take additional measures during the next Council meeting on 30 September. Without further action, we risk becoming completely dependent on imports for a material that is key to Europe’s green transition¹”.

Primary aluminium production requires a high and constant supply of electricity to keep the metal in smelting pots liquid. As a result, energy costs account for 40% of total primary production costs under normal conditions. The sky-high energy prices have resulted in massive production cuts across Europe. By the end of the year, European Aluminium expects a staggering loss of 50% (1.1 million tonnes) in primary aluminium production capacity. These losses can be replaced by the increased production in China, with a carbon footprint almost three times higher than in Europe.²

The energy prices and looming gas shortages also threaten the viability of aluminium’s downstream industry, which depends on gas and lacks substitution options in short to medium term. Aluminium semi-fabrication (extrusion and rolling) processes require gas at a constant supply level. Gas is equally critical for aluminium recycling because remelting aluminium scrap with gas is the only way to produce secondary raw materials. With an energy use of only

¹ Wind, solar and hydrogen power, batteries, electric vehicles, electricity transmission, and energy-efficient building systems are among the applications that rely on aluminium. The metal is also widely used in food and pharmaceutical packaging as well as military and defence applications, including communication systems, aerospace, and satellites.

² China’s primary production process has a carbon footprint of 20 tonnes of CO₂ per tonne of aluminium compared to Europe’s (EU, EFTA, UK, Turkey) 6.8 tonnes of CO₂ per tonne of aluminium.

5% of primary aluminium production, recycling operations also play an essential role in reducing Europe's energy dependency on third countries.

“Even before the crisis, European aluminium producers faced much higher energy prices compared to their competitors because of the regulatory costs associated with the EU's unique energy market design. But right now, not only our competitiveness is at stake; the European aluminium industry is facing eradication. The proposed measures need to be swiftly amended by EU policy makers. For instance, the proceeds from the temporary solidarity contribution should finance schemes under the EU Temporary State Aid Framework to support critical industries in these times of crisis. It should also be clear that they must be used by national governments to alleviate not only high electricity but also high gas prices” concludes Voss.

About European Aluminium:

European Aluminium, founded in 1981 and based in Brussels, is the voice of the aluminium industry in Europe. We actively engage with decision makers and the wider stakeholder community to promote the outstanding properties of aluminium, secure growth and optimise the contribution our metal can make to meeting Europe's sustainability challenges. Through environmental and technical expertise, economic and statistical analysis, scientific research, education and sharing of best practices, public affairs and communication activities, European Aluminium promotes the use of aluminium as a material with permanent properties that is part of the solution to achieving sustainable goals, while maintaining and improving the image of the industry, of the material and of its applications among their stakeholders. Our 100+ members include primary aluminium producers; downstream manufacturers of extruded, rolled and cast aluminium; producers of recycled aluminium and national aluminium associations are representing more than 600 plants in 30 European countries. Aluminium products are used in a wide range of markets, including automotive, transport, high-tech engineering, building, construction and packaging.

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