

Press Release

Aluminium industry fundamentally hit by EU regulatory costs, says Commission's study

Brussels, 6 November 2013: Cost pressure of EU policies and regulations has put the European aluminium industry at a competitive disadvantage to its global rivals. This is the key finding of a study undertaken for the European Commission in the framework of its Fitness Check on the aluminium sector that is published today.

The Centre for European Policy Studies (CEPS) has performed a first ever analysis of the costs borne by the aluminium industry attributable to EU legislation over the past ten years in the areas of energy, climate change, environment, competition, trade and products policies. The study surveyed 46 plants accounting for more than 60% of EU production capacity.

"The results clearly show the significant negative cost impact of some EU rules on our ability to compete internationally," said Gerd Götz, Director General of the European Aluminium Association (EAA). *"Europe's demand for aluminium solutions is growing, while production in Europe collapses. We are grateful to vice-president Tajani and DG Enterprise for leading this assessment. It is now time for a strong and immediate political response."*

"The assessment particularly highlights 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 emphasizes 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. As a result of this competitiveness gap, Europe's primary production capacity of aluminium declined by over a third through plant closures and curtailments between 2007 and 2012. This loss in production also affects entire industry clusters at the regional level and threatens many downstream facilities and SMEs that benefit from the proximity and expertise of local suppliers. But this trend can be reversed to ensure the renaissance of the aluminium industry in Europe.

This is the reason why today the EAA chairman Roeland Baan (Aleris) together with EAA's Director General and key industry CEOs outlined to the EU Industry Commissioner Antonio Tajani a number of concrete recommendations to revive this strategic industry for Europe.

EAA calls for concrete policy measures to:

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

"We are strong supporters of the EU 2020 objectives and the ETS as the market-based instrument to achieve climate change-related targets. But it is high time for a pragmatic review of EU climate and energy policies to stop carbon leakage and further de-industrialisation, while maintaining jobs and technology leadership in Europe. Europe cannot afford to lose an industry that contributes to the transition to a low-carbon and resource-efficient economy," concluded Roeland Baan.

For more information:

- [EAA Outline for an agenda for action, EAA Factsheet and Q&A](#)
- [Cumulative cost assessment of the impact of EU legislation on the aluminium industry](#)

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 39.7 billion €. *For information, please visit www.alueurope.eu*

For further information, please contact:

Erich Cuaz, Public Affairs and Communication Director
Tel +32 (0)2 775 63 59, Email cuaz@eaa.be