

## Press release

# 2030 Energy and Climate Package: It's now time to deliver

**Brussels, 24 October 2014:** In response to today's EU Council Conclusions on the 2030 Climate and Energy package, the European aluminium industry welcomes the confirmation that measures to stop investment leakage will continue after 2020. After a decade of disinvestment, it is now high time to deliver the concrete measures that will rebuild European manufacturing's leadership in low carbon solutions.

Director-General of the European Aluminium Association (EAA) Gerd Götz commented:

*"Today, EU Heads of state and government sent a clear signal that high energy costs in Europe must be addressed in the post-2020 era. In particular, we strongly welcome the Council's commitment to address indirect carbon costs. These costs are six times higher than direct carbon costs for the aluminium industry and have already cost Europe more than a third of its aluminium production and seriously impacted the entire value-chain. The EU is now import-dependant for a material that is essential to all innovative, sustainable and low-carbon solutions. What is crucial now is for EU leaders to ensure rapid deployment of effective compensation for these costs under a reformed ETS."*

One year ago, the European Commission's Fitness Check of the aluminium industry showed that EU climate and energy rules adds 11% of total production costs, a cost burden our competitors outside Europe do not have to bear. This makes aluminium one of the industries most exposed to carbon and investment leakage and as a result, production continues to leave Europe despite growing demand. Since 2007 almost 50% (11 out of 24) of aluminium smelters in Europe have closed or have seen their activities curtailed. Aluminium processing plants have also experienced a significant loss in capacity.

*"We hope that this step forward confirms a shift in political priorities towards finally correcting fundamental flaws in the current legislative framework. In addition to being a driver of sustainable economic growth, with demand in Europe expected to almost double by 2050, aluminium is vital for lightweight and fuel-efficient vehicles, energy-efficient buildings, and environmentally-friendly packaging. It is a shining example of how industrial growth and climate objectives can be mutually-reinforcing, a fact which should be reflected in all areas of EU policy"* Mr Götz added.

## Background information

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](#) on the aluminium sector published in November 2013.

The CEPS performed - on behalf of the European Commission - 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 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). As a consequence, primary aluminium production in the EU declined by 36% since 2007 which seriously affected the entire value chain.
- 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](http://www.alueurope.eu)*

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