European Aluminium
ANYTHING BUT BASIC

EUROPEAN ALUMINIUM CALLS FOR A REAL "INDUSTRY DECARBONISATION DEAL" TO COMPLEMENT THE EU'S PROPOSED 2040 CLIMATE TARGET

Brussels, 6 February 2024

Press Release

Today, the European Commission unveiled its Communication '*Securing our future: Europe's 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society*' outlining the needed climate and energy policy framework post-2030.

The framework recommends an ambitious greenhouse gas (GHG) emissions reduction target of 90% by 2040, compared with 1990 levels. This presents a significant opportunity and challenge for the aluminium industry, as demand is set to surge in support of the green transition. European Aluminium emphasises the pressing need for coherent energy, trade and industrial policies that facilitate the industry's decarbonisation and incentivising recycling while remaining competitive on global markets. This will enable the industry to meet the growing demand with sustainable aluminium 'made in Europe'.

The EU is significantly ahead of other countries and regions in climate ambition, mandating substantial emission reductions in every sector and installation. Achieving this goal requires a harmonised policy approach across various domains, including trade, energy, and industrial strategy, ensuring that Europe remains competitive while progressing towards decarbonisation.

Aluminium is the most used non-ferrous metal globally, delivering energy and CO_2 savings in leading sectors, including mobility and transport, packaging, consumer goods, and building and construction. Large volumes of aluminium will also be required to produce solar panels, batteries, electric vehicles, wind turbines, heat pumps and hydrogen electrolysers. To satisfy the EU's targets for a fast energy transition, the additional demand for aluminium in Europe will reach 5 million tonnes per year by 2040, equivalent to an increase of 30% compared to Europe's total aluminium consumption today[1].

However, Europe's higher climate ambitions cannot be achieved at the expense of its manufacturing capacity nor increase import dependencies across the aluminium value chain. Energy costs in Europe are still too high compared to our global competitors, hindering the possibility to invest in the decarbonisation and recycling processes needed to achieve climate neutrality by mid-century[2][3] .

"*The link between climate, trade and industrial policy must be strengthened and at the forefront of the agenda of the next EU Commission. We are ready to work with the EU Commission and the Member States on bridging solutions to bring down the cost of energy and boost the transformation of our industry while remaining competitive on global markets*," notes

[1] See KU Leuven study, Metals for Clean Energy, September 2022
[2] See here "Net-Zero by 2050: Science-based Decarbonisation Pathways for the European Aluminium Industry", November 2023
[3] See here our response to the 2040 targets Public Consultation, June 2023

Paul Voss, Director General of European Aluminium. The EU needs to therefore step up its overall energy security by scaling up investments in decarbonised energy systems, clean technologies, and infrastructure, while making full use of the provisions of the Critical Raw Materials and Net Zero Industry Acts, which both recognise aluminium as a strategic raw material and component for Europe's green transition. Both pieces of legislation will have to be thoroughly implemented to ensure aluminium manufacturing, processing and recycling remains and grows in Europe.

Last year, the EU27 lost 50% of its primary aluminium production as a result of the energy crisis. Prior to the crisis, the EU had already lost one-third of its primary aluminium production capacity over the preceding 15 years due to uncompetitive operating conditions in Europe. This European production was replaced by production in other countries, with a much higher carbon footprint.

"*The proposed 'Industrial Decarbonisation Deal' will have to include strengthened carbon leakage protection measures that go well beyond existing untested mechanisms such as the Carbon Border Adjustment Mechanism (CBAM). We regret to see that in the Communication, there is no reference to any additional carbon leakage protection measures complementing the CBAM. These will be urgently needed to ensure our industry can remain competitive while delivering on our commitment to reach net zero by 2050. The European Aluminium value chain needs enhanced carbon leakage measures beyond the unproven CBAM. The current tool has numerous loopholes and avenues for circumvention, which are insufficient to safeguard the European aluminium industry against carbon leakage and to effectively reduce global emissions*[4]" he concludes.

In response to these policy challenges, European Aluminium has published a study identifying technological pathways for which more research and financial resources will be urgently needed to achieve net-zero emissions by 2050. The executive summary is available here. Ensuring predictability and simplified access to long term funding for decarbonisation technologies is essential for industries to make this transition.

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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. Our 100+ members include primary aluminium producers; downstream manufacturers of extruded, rolled and cast aluminium; producers of recycled aluminium and national aluminium associations, 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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[4] See here on European Aluminium's website our position and publications on the CBAM