

Monday, 25 March 2024

Ms Ursula von der Leyen
President of the European Commission

Mr Valdis Dombrovskis
Executive Vice-President (An Economy that Works for People)

Mr Maroš Šefčovič
Executive Vice-President (European Green Deal, Interinstitutional Relations and Foresight)

Brussels, 25 March 2024

Object: European Aluminium urges EU policymakers to take into account the European aluminium industry's concerns in the negotiations of trade agreements, with particular attention to the EU-India Free Trade Agreement.

Honourable Ms von der Leyen,
Honourable Mr Dombrovskis,
Honourable Mr Šefčovič,

European Aluminium, the association representing the whole aluminium value chain in Europe, calls upon the European Commission to collaborate with European industries when negotiating trade agreements with third countries. Regular engagement with industries strategic to the EU's green transition, such as aluminium, is imperative to prevent adverse repercussions that may undermine the competitiveness and long-term viability of these industries in Europe.

European Aluminium believes in the opportunities new trade agreements can offer. However, **a concerning trend has emerged with discussions significantly impairing the interests of the European aluminium industry** in a series of negotiations (e.g., EU-Indonesia FTA, Pan-Euro-Mediterranean Convention, EU-India FTA).

The EU-India FTA particularly deserves special attention, especially regarding the proposal by EU negotiators to liberalise Chapter 76. The removal of existing customs tariffs on Indian aluminium poses a significant peril to the European aluminium industry, which may struggle to survive. Therefore, **we urge the Commission to exclude aluminium from any tariff liberalisation and to maintain stricter rules of origin for trade with India.**

Aluminium has been identified as a **critical and strategic raw material** for the EU twin transition in the Critical Raw Materials Act, making it a crucial element for the production of those clean technologies needed to fully decarbonise the EU economy. It is therefore essential to maintain and spur European domestic production and reduce the related dependency on third countries. The industry has been struggling already due to the energy crisis which led to a curtail of 50% primary aluminium production. **Liberalising aluminium trade with India would nullify EU companies' considerable efforts to restart operations, promoting deindustrialisation and further increasing the overall aluminium import dependency.**

Additionally, **India's aluminium production is almost entirely reliant on coal**, resulting in carbon emissions that are three times higher than those of European aluminium production. With this in mind, the Carbon Border Adjustment Mechanism (CBAM) is an unsuitable tool to protect our value chain against carbon leakage as it remains an untested mechanism that will not increase the EU aluminium producers' competitiveness (e.g., due to the indirect carbon costs generated by the EU Emission Trading System which are not faced by third countries producers). Therefore, **opening up to the Indian market would also directly clash with the EU's climate objectives, increase carbon leakage and undermine European companies' substantial endeavours to decarbonise.**

On top of this, it must be taken into consideration that the **Indian primary aluminium industry is at least four times larger than the EU's and is rapidly expanding** both upstream, fuelled by access to competitive energy, and downstream. Simultaneously, EU imports of Indian aluminium products are surging, with a 244% increase in 2023. **This combination of expanding capacity and fast-growing imports poses a further threat to the viability of our industry.**

Considering the above, it is critical to acknowledge the **disruptive impact** that this deal would have on the industry.

Amidst increasing global tensions, we understand the strategic importance that a trade agreement with the fastest-growing world economy would represent and we are not opposing to it. On the contrary, we call on this and **any upcoming FTAs to contain binding clauses on climate goals, to have clear sustainability chapters and clauses** (regarding e.g., forced labour, no exemption from CBAM, etc.) **and to accommodate WTO principles.**

To conclude, as a strategic European industry already under significant strain, we demand greater engagement in the trade agreement negotiations in alignment with the political priorities that the EU itself has established: above all, **the imperative to ensure strategic autonomy and resilience for Europe** in a challenging global trade environment.

We hope this letter will be beneficial for the continuation of ongoing negotiations and look forward to further collaborating with you on this crucial matter for our sector.

Yours Sincerely,



Paul Voss