

STRATEGIC METAL, STRATEGIC ACTION: AN ACTION PLAN FOR EUROPEAN ALUMINIUM

January 2025

European Aluminium
ANYTHING BUT BASIC

WHY ACT NOW?

Aluminium is more than a material—it's the backbone of Europe's green transition and critical sectors like automotive, packaging, building, aerospace, defence, and renewable energy technologies. From powering solar panels to enabling electric grids, aluminium is indispensable to achieving the EU's climate and resilience goals. Europe leads the way in sustainable aluminium production, with state-of-the-art recycling facilities and a carbon footprint significantly lower than the global average, but the industry is under threat.

High energy costs, Chinese state-subsidised overcapacity, the risk of carbon leakage posed by the CBAM, aluminium scrap leakage, and the urgent need to accelerate decarbonisation are pushing this vital sector to a breaking point. Without immediate action, Europe risks completely losing a critical industry and its strategic autonomy.

AN ALUMINIUM ACTION PLAN IS THE SOLUTION

While the Commission has announced plans for a Clean Industrial Deal and an EU Steel and Metals Action Plan, the unique challenges and opportunities facing the aluminium industry require a dedicated approach.

This plan is essential to reversing deindustrialisation, accelerating decarbonisation, and ensuring aluminium remains a pillar of Europe's green and industrial future. Decarbonisation isn't just a challenge—it's an opportunity for growth, innovation, and global leadership. With a targeted Aluminium Action Plan, Europe can secure the future of this strategic sector and turn its potential into a reality.

Here are six essential steps to safeguard Europe's aluminium value chain and its contribution to the EU's strategic goals.



+30%

DEMAND BY 2040
DUE TO THE GREEN TRANSITION
***COMPARED TO 2022**



>50%

OF EUROPEAN DEMAND MET BY IMPORTS



+1 M

DIRECT & INDIRECT EUROPEAN JOBS ON THE LINE

6 ESSENTIAL STEPS

1. TACKLE ENERGY COSTS

The European aluminium industry has long faced significantly higher energy costs compared to international competitors, with the energy crisis further worsening the situation.

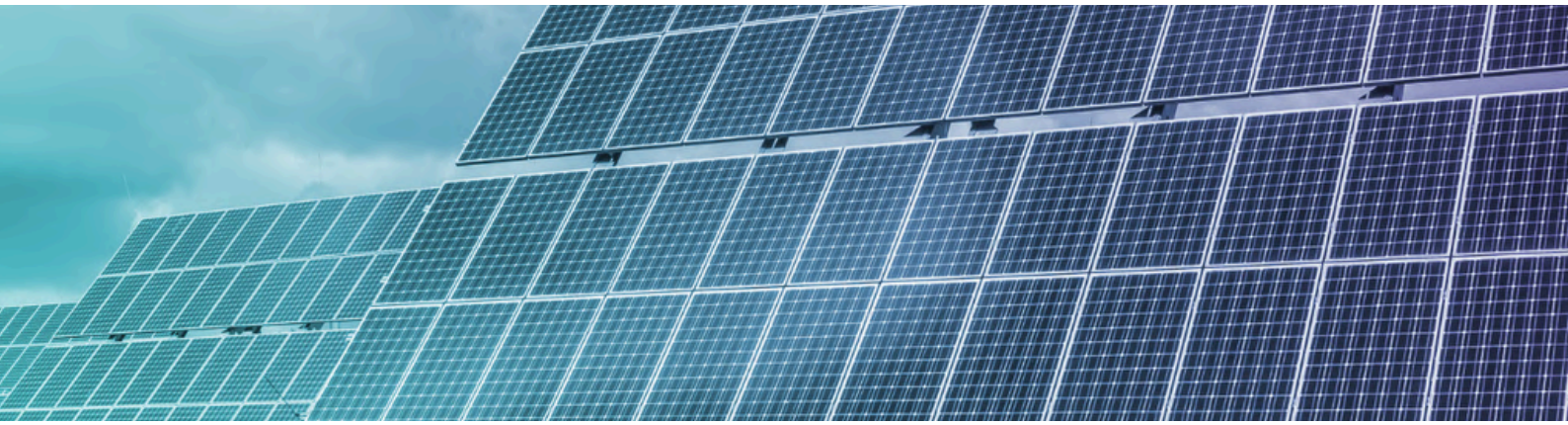
To restore competitiveness, securing affordable low-carbon energy for energy-intensive sectors is essential. Key actions include removing barriers to Power Purchase Agreements, supporting innovative solutions to reduce the costs of matching variable renewable energy supplies with industrial baseload consumption profiles and accelerating the deployment of renewable energy. Additionally, maintaining electricity surcharge reductions, extending financial relief for energy-intensive industries, and ensuring the continuation of the ETS indirect cost compensation scheme beyond 2030 are critical to safeguarding the industry's competitiveness.

ELECTRICITY AND GAS PRICES IN EUROPE ARE 2–3X & 4–5X HIGHER THAN IN THE US

EU PRIMARY ALUMINIUM PRODUCTION HALVED SINCE THE ENERGY CRISIS

2. SUPPORT DECARBONISATION EFFORTS

The European aluminium industry requires a minimum of €33 billion (excl. R&D and infrastructure costs) to reduce emissions by 93% and meet 2050 climate targets, yet it faces a significant gap in subsidies compared to international competitors. To secure its long-term competitiveness, both public and private investment are critical. The Action Plan should focus on directing investments through new and existing EU funding instruments including the EU Competitiveness Fund and the ETS Innovation Fund. Instruments for investment funding need to be designed in a way that ensures accessibility. It should also include reforms to the State Aid framework to support industrial decarbonisation technologies. Timely financial support for electrification and circularity, along with effective implementation of the Net Zero Industry Act and the Critical Raw Materials Act (CRMA), is essential for the sector's transformation.



3. STRENGHTEN CARBON LEAKAGE PROTECTIONS

The Carbon Border Adjustment Mechanism (CBAM) in its current design does not provide carbon leakage protection for the aluminium industry. It must be reformed to address circumvention risks and close existing loopholes, ensuring that it does not undermine the competitiveness of European producers or contribute to carbon leakage. Indirect emissions should remain out of scope, and the CBAM's product scope should be expanded to include downstream products containing aluminium. Complementary measures are also essential for safeguarding the sector's competitiveness. These include continuing indirect cost compensation for exposed industries beyond 2030, as well as expanding the European Contracts for Difference scheme to support innovative low-carbon aluminium production and circularity.

4. SECURE RAW MATERIALS AND BOOST CIRCULARITY

A robust EU Strategic Raw Materials Strategy, alongside a Circular Economy framework, is essential for the future of Europe's aluminium sector. The swift implementation of the CRMA is crucial to enhancing both primary and recycling domestic production and securing the European aluminium value chain. To leverage and support investments, this should be backed by financing mechanisms such as a dedicated Raw Materials Fund and State Aid, with additional support from the European Investment Bank.

A long-term strategy for the availability and quality of secondary raw materials is essential to address the growing issue of aluminium scrap exports outside the EU. Recycling aluminium uses just 5% of the energy required to produce primary aluminium, effectively turning scrap into an energy "bank" that should be kept within Europe. Key actions include limiting scrap exports, improving collection and sorting infrastructure to improve the recovery of critical and strategic raw materials from waste streams, improving monitoring systems, and creating a framework which will boost aluminium recycling in Europe.

EUROPEAN PRIMARY ALUMINIUM PRODUCTION HAS A CARBON FOOTPRINT OF 6.3 KG CO_2E —LESS THAN HALF THE GLOBAL AVERAGE OF 16.1 KG CO_2E





5. STAND FIRM ON TRADE

Unfair practices, such as China's state-sponsored overcapacity, pose a significant threat to the aluminium industry. Strengthening EU trade defence instruments to counter dumping and systemic risks is essential. This includes introducing a tariffication regime for non-market economies and aligning trade policies with industrial strategies. Additionally, a sectorial approach to Free Trade Agreements is needed to protect Europe's strategic industries from unfair competition.

6. CUT RED TAPE

Reducing regulatory and administrative burdens is fundamental to encouraging investment and maintaining competitiveness. This includes streamlining reporting requirements under frameworks like the Corporate Sustainability Reporting Directive, simplifying CBAM reporting obligations for European producers of CBAM precursor goods used in imported goods, and balancing sustainability goals with practical administrative processes to enable businesses to thrive.

THE STAKES ARE HIGH, THE SOLUTION IS CLEAR

We call on the new Commission to embed these recommendations in a bold, comprehensive Aluminium Action Plan. By acting decisively, Europe can secure the future of this essential sector and lead the world in sustainable industrial innovation.



"Aluminium is a strategic raw material for the EU green transition and critical applications such as defence. Europe cannot risk losing this industry and increasing its reliance on imports. Its unique challenges and strategic significance call for a dedicated policy approach to safeguard its future in Europe and enhance its global competitiveness."

Hildegard Bentele
MEP - EPP (Germany)



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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