



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

January 2026

WHY ACT NOW?

Aluminium is officially recognised by the EU as a critical and strategic raw material, being 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 electricity 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, unfair trade practices, the risk of accelerated 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.

The Clean Industrial Deal's flagship legislative proposals—including the forthcoming Industrial Accelerator Act and Circular Economy Act—together with the EU Steel and Metals Action Plan, provide important horizontal frameworks. However, aluminium's distinct challenges and opportunities require a sector-specific approach and effective policy measures to tackle deindustrialisation, accelerate decarbonisation, and ensure aluminium remains a pillar of Europe's green and industrial future.

Below, we outline five essential steps to strengthen and grow 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

5 ESSENTIAL STEPS

1. TACKLE ENERGY COSTS & SUPPORT DECARBONISATION

The European aluminium industry faces significantly higher energy costs than global competitors. Restoring competitiveness depends on secure and reliable access to affordable, low-carbon energy. This requires removing barriers to Power Purchase Agreements, upgrading grid infrastructure to better match variable renewable generation with industrial baseload demand, accelerating investment in decarbonised electricity, and strengthening support for hydrogen solutions where industrial processes cannot be electrified.

In parallel, maintaining electricity surcharge reductions, extending financial relief for energy-intensive industries, implementing a specific ETS benchmark for recycling and ensuring the continuation of ETS indirect cost compensation beyond 2030 are essential to protect competitiveness.

Achieving a 93% emissions reduction by 2050 will require at least €33 billion in investment (excluding R&D and infrastructure), yet the industry faces a substantial subsidy gap compared to global competitors. Securing long-term competitiveness therefore depends on mobilising both public and private investment through a coordinated European approach, leveraging new and existing EU instruments such as the EU Competitiveness Fund and the ETS Innovation Fund.

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. STRENGTHEN CARBON LEAKAGE PROTECTIONS

The Carbon Border Adjustment Mechanism (CBAM) in its current design does not provide carbon leakage protection for the aluminium industry. The CBAM review must address circumvention risks and close existing loopholes, ensuring that it does not undermine the competitiveness of European producers or contribute to carbon leakage. We welcome the European Commission's proposal to extend the scope to downstream products while keeping indirect emissions out of scope, and this approach must be maintained throughout the review.

EUROPEAN PRIMARY ALUMINIUM PRODUCTION HAS A CARBON FOOTPRINT OF 6.6 KG CO₂E –LESS THAN HALF THE GLOBAL AVERAGE OF 16.1 KG CO₂E

Additionally, rapid action is needed to ensure that all aluminium in the CBAM scope carries a CBAM cost based on emissions from primary aluminium production, independently of the scrap content (both pre- and post-consumer scrap). A dedicated export solution tailored to the aluminium sector should also be introduced.

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.

3. SECURE RAW MATERIALS AND BOOST CIRCULARITY

A coherent EU approach to strategic raw materials and circularity is key for the future of Europe's aluminium sector. Effective implementation of the Critical Raw Materials Act is crucial to scaling 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.

The forthcoming Circular Economy Act should establish a long-term strategy for the availability and quality of secondary raw materials, supported by strengthened collection and sorting infrastructure, enhanced monitoring systems, and a regulatory framework that boosts aluminium recycling in Europe. Recycling aluminium uses just 5% of the energy required for primary production, effectively turning scrap into an energy “bank” that should be retained within Europe. In parallel, complementarity and alignment on circularity provisions should be ensured with key product-specific legislation, such as the Packaging and Packaging Waste Regulation, the End-of-life Vehicles Regulation, the Construction Product Regulation, and the upcoming provisions for aluminium under the Ecodesign for Sustainable Products Regulation.

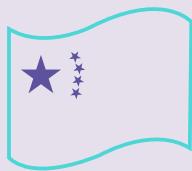
Finally, the aluminium scrap export measure announced by the European Commission in November 2025 must be effectively designed, implemented, and enforced to address the growing leakage of aluminium scrap outside the EU.

1 + million tonnes of aluminium scrap is exported outside of the EU annually

4. STAND FIRM ON TRADE

Unfair practices, such as China's state-sponsored overcapacity, pose a significant threat to the aluminium industry. Strengthening and, where necessary, expanding EU trade defence instruments to counter dumping and systemic risks is essential. This includes establishing a dedicated instrument to address structural overcapacity and unfair market practices affecting the European aluminium industry, in line with the new trade protective measures mentioned in the European Economic Security Strategy.

Additionally, a sectoral approach to Free Trade Agreements is needed to protect Europe's strategic industries from unfair competition.



60%

OF GLOBAL PRIMARY ALUMINIUM PRODUCTION IS BASED IN CHINA



~17MT

CHINESE OVERCAPACITY IN ALUMINIUM METAL SUPPLY (MORE THAN TOTAL EU DEMAND)



~20MT

CHINESE OVERCAPACITY IN SEMI-FABRICATION (ROLLING & EXTRUSION)



5. SUPPORT PRODUCTS "MADE IN EUROPE"

Strengthening Europe's industrial base requires targeted support for products manufactured in Europe, underpinned by timely financial support for electrification and circularity, as well as further reforms of the EU State Aid framework. Effective implementation of the Net Zero Industry Act and the Critical Raw Materials Act is also essential for the sector's transformation.

This should go hand in hand with an effective Industrial Accelerator Act that supports products made in Europe through a full value chain approach, ensuring that aluminium "Made in Europe" reflects genuine industrial activity and technological investment in Europe, rather than merely the origin of raw inputs.

THE STAKES ARE HIGH, THE SOLUTION IS CLEAR

Europe has the frameworks; what is now needed is sector-specific delivery for aluminium. Key policy and legislative decisions must translate ambition into impact to secure this strategic sector and Europe's industrial future.



"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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