EUROPEAN ALUMINIUM CALLS FOR THE INCLUSION OF LOW-CARBON ALUMINIUM IN THE CO2 FROM CARS REGULATION FOR THE 2035 AUTOMOTIVE CREDIT SYSTEM (AMENDING THE PROPOSAL 2025/0420 (COD) – REGULATION (EU) 2019/631)

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Position Paper

European Aluminium, the association representing the entire aluminium value chain in Europe, calls on the EU institutions to include low-carbon aluminium credits – alongside the credits for low-carbon steel – in the CO_2 standards for cars regulation. Aluminium and steel are used in large volumes in vehicles and are largely substitutable. Limiting the credits to low-carbon steel creates an uneven playing field between materials and risks incentivising suboptimal component choices. Including low-carbon aluminium in the scope of the regulation is therefore essential for strategic, technology and sustainability reasons.

The Core Issue: Unlevel playing field

Proposal 2025/0420 (COD), "CO2 emission performance standards for new light duty vehicles and vehicle labelling", introduces a compliance "offset" for the 10% of fleet emissions remaining after 2035. These 10% can be offset by either using fuel credits or low-carbon steel credits. By restricting material-based credits to **low-carbon steel made in the EU and excluding aluminium**, the proposal creates an artificial competitive disadvantage for one of Europe's most critical automotive materials. This "material bias" threatens to distort the internal market and undermines the EU's technology-neutral approach to decarbonisation. In Electric Vehicles, the most relevant sources of carbon emissions stemming from the production of the vehicle have, in several studies, been recognised as the EV battery, steel and aluminium. While the EV battery is dealt with under the EU batteries regulation, steel and aluminium should be tackled together here. The rationale of including low-carbon aluminium in the scope of the regulation is as follows:

1. Aluminium is Essential for Lightweighting of Cars.

Using **aluminium** in cars saves approximately 40-50% of the weight compared to using steel. For Electric Vehicles (EVs), mass reduction is the most effective way to reduce the size and weight of the EV battery, **extend battery range** and reduce the total electricity demand on the EU grid. **By incentivising only low-carbon steel**, the current proposal creates a "perverse incentive." **Manufacturers may be financially encouraged to choose heavier steel parts solely to capture regulatory credits**. This "weight-increase" would lead to heavier vehicles that require larger, more resource-intensive batteries to maintain the same range and thereby increasing the carbon footprint of the manufacturing of the battery. Consequently, a "**Steel-Only" credit system could accidentally increase the total environmental footprint and the total energy consumption of the complete vehicle over its entire life cycle.**

2. Fulfilling the Mandate of the Critical Raw Materials Act (CRMA)

The exclusion of aluminium from the 2035 credit system creates a direct legislative conflict with **the EU Critical Raw Materials Act (CRMA).** While the EU has legally mandated a 40% domestic processing target for strategic materials

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by 2030, Proposal 2025/0420 (COD) fails to provide the necessary "demand-pull" to make this a reality. By incentivising only steel, the EU is effectively signalling that its most critical lightweighting material does not deserve the same investment certainty. To prevent this incoherence, the credit system must be aligned with the CRMA, ensuring that European car manufacturers are rewarded for sourcing the very materials the Union has defined as "**strategic**" for its twin transition**.**

3. Safeguarding Europe's Industrial Base

The European aluminium industry is not just a supplier; it is an economic cornerstone supporting one million high-quality jobs and leading the world in low-carbon smelting and recycling innovation. Currently, due to uncompetitive energy costs, high regulatory costs, unfair market practices from third countries and scrap leakage, the whole sector is at a breaking point. Failing to provide a level playing field in the "Automotive Package" risks accelerating deindustrialisation and carbon leakage.

4. Ensuring regulatory coherence for aluminium and steel

In many EU legislative files, aluminium and steel are included together in the scope to ensure a level playing field between the two sectors. Recent examples include the End-of-Life Vehicles Regulation, the Ecodesign for Sustainable Products Regulation, and the Carbon Border Adjustment Mechanism. It is logical for EU legislation to address aluminium and steel in tandem: the materials are functionally similar, used in comparable applications, face similar decarbonisation challenges, and are exposed to strong competitive pressure from third countries, particularly those with significant overcapacity. In light of this, not including low-carbon aluminium in the credit mechanism for the CO2 standards for cars regulation would create a carveout in the EU legislation and would lead to incoherence.

Proposed Policy Recommendations

To ensure a fair and effective transition while upholding the integrity of the Single Market, we propose the following adjustments to the **"Automotive Package"**:

- **Expand the Legislative Scope:** Amend **Article 5b** of **Proposal 2025/0420 (COD)** "CO2 emission performance standards for new light duty vehicles and vehicle labelling" to include **Low-Carbon Aluminium** alongside steel as an eligible material for emission offsets. This ensures that the flexibility mechanism does not inadvertently penalise lightweighting, which is a cornerstone of EV efficiency.
- **Harmonised Standards & Methodology:** Mandate the Commission to develop the methodology to establish a carbon intensity threshold for low-carbon aluminium. To ensure administrative simplicity, these methodologies must be fully aligned with the Delegated Acts which will come from the **Industrial Accelerator Act (IAA)** carbon-labelling standards and the **Ecodesign for Sustainable Products Regulation (ESPR)**.
- **Ensuring True Material Neutrality:** The 7% cap currently reserved for "material-based flexibilities" should not be limited to low-carbon steel made in the EU. **Including also low-carbon aluminium in the flexibility mechanism** alongside with steel allows engineers to choose the best material for each specific vehicle component - whether it is steel or aluminium - without regulatory pressure distorting their technical decision-making.