

We welcome the European Commission's "Save Gas for a Safe Winter" package. It is paramount that we accelerate the phase-out of Russian fossil fuels whilst ensuring the security of supply for citizens and industries this winter. Compared to other raw materials and our international competitors, the European aluminium industry has been hit by the ongoing energy crisis particularly hard. As an essential value chain to critical sectors such as medical and food packaging as well as technologies key to the greening of the electricity grid, it is of utmost importance that European aluminium can continue to supply our economy – today and in the future.

## The need for a balanced and proportionate approach

Energy costs already made up around 40% of the electricity-intensive production process of primary aluminium and have risen to 50% today. Since October 2021, **Europe has had to close or halt 50% of its primary aluminium production (1.1 million tonnes) due to the sky-rocketing energy prices<sup>1</sup>**. Downstream actors in the aluminium semi-fabrication and recycling sectors are equally impacted by the crisis because they **rely on gas for their operations. Producers cannot switch to other low-carbon fuels, and hydrogen is not yet a viable option for these processes.**

While the loss of European production capacity has resulted in a decrease of electricity demand by ~16TWh/y and we could decrease our gas consumption significantly, any further curtailment would be permanent for us. As an energy-intensive material, **we depend on a stable and constant energy supply. An abrupt supply shortage would stop our production processes and lead to the irreparable destruction of industrial equipment.** For example, if the power supply to an aluminium smelter is interrupted for more than one hour, the liquid metal in its potlines solidifies, destroying the potline beyond repair. Potlines are not only very costly to replace, but it also takes months to restart production again once the potline is out of action.

**If aluminium production stops in Europe, many different sectors critical to the European economy will be impacted. This is especially the case for essential medical and food packaging, construction and transport as well as electricity transmission and renewable energy production, including solar PV and hydrogen.** Europe's economic and sustainability ambitions would be set back years or built on import dependencies from China or the Middle East without a Europe-based value chain.

Against this background, we call on Member States to carefully implement the newly adopted Regulation and to take a balanced approach when reviewing their emergency plans. Member States must consider that cutting off the supply of gas to the aluminium sector would have a significant economic impact on the whole value chain, including downstream sectors, but gas savings would be relatively low. The technical possibility for some operations to halt production is largely limited and depends on the size and configuration of the plant. Any interruption will impact production and have ripple effects further up and down the value chain. Curtailment plans must carefully analyse the presence of all or part of the aluminium value chain in a given country, possible cross-border impacts of curtailments on neighbouring countries, import dependencies, access to energy supply, impacts down the value chain on both customers and suppliers, as well as the overall economic and financial losses in terms of jobs and growth. Finally, compensation schemes for industry must be proportionate to curtailments, and encompass the fact that in case of curtailed production there will be a cascading effect across the whole supply chain.

<sup>1</sup> See our [paper](#) on the impact of the electricity crisis on European primary capacity and the climate, June 2022