

Impact of the COVID19 on the European aluminium value chain



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European Aluminium represents the entire aluminium value chain with more than 600 plants covering 80% of all smelting, semi-fabrication and recycling activities in wider Europe. Aluminium sits at the start of long value chains that are essentials for European citizens: transport (36%), building and construction (30%) and packaging (17%).

In particular, the aluminium industry is **essential in producing and supplying semi-finished products such as can sheet and foil sheet for the packaging of food, drinks, pet food, pharmaceutical and medical products. These products are essential in the current crisis.** In addition, waste collection and sorting for recycling are facing serious difficulties due to transport restrictions and the lack of workers that, if not properly addressed, might result in less recycling and thus more incineration and even landfilling.

The entire aluminium production in Europe (alumina, primary, semi-fabrication and some final products) is at risk. The most immediate problems across Europe are:

- **Disruption in the supply chain and liquidity problems;**
- **Plant closures**, both due to postponement of orders and cancellation of orders especially in the automotive and building sectors, and fast-growing absenteeism of employees on sick leave;
- **General logistics and transport disturbances**, generating delays on the supply side and in the shipment of goods and waste;
- **Shortage in supply of Personal Protective Equipment (PPE)** such as masks, gloves, glasses, disinfectant;
- **Closures might adversely affect** the supply of aluminium packaging products for essential goods such as food, drinks and pharmaceuticals;
- **Alumina and primary aluminium production plants are a 24/7 continuous process.** The production cannot be stopped without the risk of stopping the operations permanently.

The European aluminium industry is doing everything in its power to limit the number of employees needed on industrial sites and to protect the employees remaining on the job against health and safety risks.

Considering the massive impact on the European economy, we need a European answer to the crisis under the leadership of the European Commission to coordinate the efforts and measures to be taken at the national level.

In this respect, we call upon the EU Commission to take the following measures:

1. **The production of aluminium should be listed as an essential activity** for Europe, allowing for priority measures such as benefitting from protection equipment and materials and adapting to the crisis mode with adequate measures at the national level. The entire value chain is at stake:
 - **Aluminium smelters and related cast houses should be regarded as essential because of their role in the power supply system.** Their constant baseload and ability to defer load is a necessary contributor to grid stability.
 - **Packaging used for food, pet food, drinks, pharmaceutical and other medical products should be put on the list of “Essential Goods” in Chapter II of the EU Commission Guidelines for border management.** Member States should preserve the free circulation of all goods and in particular, they

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should guarantee the supply chain of essential products such as food and drinks, pharmaceuticals and medical equipment.

- **Aluminium waste transport for recycling**, such as sorted and baled used beverage cans, should be included in the list of “Essential goods” in Chapter II of the EU Commission Guidelines for border management
 - **Aluminium recycling is essential for Europe’s raw material sovereignty**. Recycling activities in Europe should continue to operate to prevent that Europe becomes even more dependent on primary imports with a significantly higher carbon footprint.
2. **A coordinated approach for EU border controls and EU border closures**. An effective solution to guarantee uninterrupted cross-border transport via so-called “green lanes” or “fast lanes” for trucks is urgently needed. Disruption of transportation of aluminium could result in delayed deliveries of essential materials, products and services.
 3. **Limiting financial liquidity issues by asking banks and insurers of the aluminium industry to refrain from reducing credit limits or worsening credit and insurance conditions** (for instance in the case of factoring contracts). Banks and financing institutions should use their resilience to support their customers as a sign of solidarity in bad times. Ensuring EU companies' financial liquidity should be a top priority for the EU banking sector right now.
 4. **Allowing for flexibility when it comes to compliance with EU legislative measures and deadlines**. This is the case for the ETS reporting and the implementation of the BAT conclusions for the non-ferrous metals BREF.

European Aluminium has collected inputs directly from its member companies and is committed to supporting European national and local authorities with the most up-to-date information and data on the impact of the outbreak on our value chain.