

Institutional Hearing

VIII Commission - Environment - of the Chamber of Deputies

Date: 9 February 2021

Place: Video-meeting

The 12th of January the Council of Ministers submitted a proposal regarding the National Recovery and Resilience Plan and currently both the upper (Senate) and the lower (Chamber of Deputies) houses of the Italian Parliament are examining the aforementioned draft. In particular, the Permanent Commissions of the two houses are holding a massive round of consultations with social partners in order to receive specific suggestions and recommendations.

AIM:

Since the draft proposal doesn't mention aluminium, FACE intends to introduce the theme of **green aluminium** as a key material, which will be central in a broad and strategic vision that encompasses green transition and circular economy.

KEY POINTS:

- **FACE** has been representing the downstream aluminium industry for 20 years and its main goal is to guarantee fair playing level field conditions to aluminium players and for this reason, FACE calls for the suspension of import duties on this material.
- **Aluminium for sustainable development:** thanks to its interesting qualities - such as lightness, high recyclability mechanical and corrosion resistance, workability, lightness, thermal and electrical conductivity - aluminium is the ideal material for the green economic transition. Furthermore, aluminium is a key element in several sectors, such as automotive, sustainable packaging, building and construction, hi-tech and others.
- **Aluminium in Europe:** there is a growing aluminium production deficit in Europe - due to higher energy costs – so that the European increasing demand of primary aluminium has been met by rising imports (75%); on the other hand, the downstream industry, which embodies a great tradition, account for more than the 90% of the workforce in the industry.
- **Aluminium supply:** a proper development plan for the entire segment should focus on the supply of primary aluminium, considering that, even with the greatest metallurgical progress and the most advanced technologies, it will never be possible to completely replace the primary metal with the secondary one. In fact, analysts estimate that 2050 it will be possible to obtain, at best, the result of 50/50.

- **Duty:** the operating downstream industries are facing the import duty on unwrought aluminium (3%-6%) which is harming the competitiveness of these players. This import tariff also affects the sustainability of the industry, which, having to pay for this extra charge, runs out of resources to invest in decarbonisation, digitalisation etc.
- **Duty effects:** these import tariffs confer a cost disadvantage on EU manufacturers of semi-finished products compared to foreign competitors. In particular, this duty implies a yearly expense that represents the 2% of the turnover of the industry, generating an artificial extra-cost over € 1 billion per year that heavily penalises transformers. As a result, the operating downstream industries are facing about 70 euros of additional fee for each ton of the purchased metal.
- **Aluminium type:** the EU will have to assess, considering the current green development standards, which type of aluminum - low or high CO2 footprint - is actually importing, as not every production respects sustainability norms. In particular, only some of the world's leading aluminium companies have already undertaken the path of green aluminium and are able to trade low carbon footprint metal.

FACE PROPOSALS

- It is necessary to encourage the private sector to invest in innovation, sustainability and Research & Development.
- Supporting and boosting aluminium as the ideal climate friendly and resilient material will also have positive effects on decarbonisation processes - in particular the ones regarding supply chains - which are fundamental to achieve sustainability goals.
- It should be essential to focus on reducing the carbon footprint of entire value chains.
- Lift duties on raw aluminum imports to guarantee fair playing level field conditions to the industry players.
- Lift duties to recognise and reward the industries committed in decarbonisation processes through:
 - European customs code for green aluminum, in order to adequately enhance the import of this low-carbon metal category.
 - Tax provisions for those companies that buy and employ certified – primary or recycled - aluminum with a low CO2 footprint.
 - Tax provisions for companies that invest in management systems that comply with the highest environmental standards, such as ISO 14001 certification.

FURTHER INFORMATION:

In particular, Emanuela Rossini, Vice-President of the XIV Commission -EU Policies, made an active intervention asking for more information, so that FACE representatives had the opportunity to underline the following key facts:

- Several **virtuous producers** – many of them are FACE associates - already support the establishment of high quality aluminium, manufactured with low carbon footprint emissions and respecting green environmental standards.
- Since **aluminium is the ideal material for a carbon-neutral and circular future**, it is necessary to support its usage and production. In fact, with respect to the traditional metal, low carbon aluminium has different production methods that depend on renewable energies, such as hydroelectric or solar power. These methodologies help the industries in generating much lower Co2 emissions, fostering the transition to green and circular economy.
- **EU Member States:** there is a great misinformation since many of the SMEs operating in the industry do not have the lobbying capabilities to present the economic issues and disadvantages; while, at the same time, several industries are not really aware of the implications of the import tariff.
- **Duty:** according to the latest *German Study*, that FACE supported, the operating downstream industries are facing about 80 euros of additional fee for each ton of the purchased metal, this means that the import duty is harming the European downstream industry and its existence.;
- **Extra-EU:** Chinese industries, for example, do not respect environmental standards, since they emit as much Co2 as Brazil and Indonesia combined.

REASONS WHY FACE PROPOSAL SHOULD BE APPROVED:

- The elimination of import tariffs on unwrought aluminium would generate additional financial resources for EU downstream manufacturers, revenue which can be directed towards increasing their competitiveness, investing in technological improvement, digitalisation, industrialisation and in **green technologies**.
- Since European Policies foster the implementation of green economy, green transition, sustainable development and circular economy, it is necessary to spur green aluminium and to lower and finally eliminate Co2 emissions, as this is a key target for the future generations and for the environment.
- **Aluminium is the ideal material for a greener future and for sustainable development**, for this reason it must be at the centre of national and European policies.