

P R E S S R E L E A S E

EU gas demand reduction plan: Essential metals producers at risk in critical winter

Brussels, 20 July 2022: “Today’s EU gas demand reduction plan makes clear that politicians must make near impossible choices for safeguarding their citizens and industries this winter. We support Commission and Member State efforts, and all areas must contribute to the reduction. We implore governments to do whatever they can to preserve basic industries like the metals sector and avoid curtailments. Our materials are used across Europe’s essential value chains and supply the clean energy technologies needed to transition away from Russian fossil fuels”, said Guy Thiran, Eurometaux Director General, on the day that the European Commission released its guidance for Member State gas savings.

“European metals producers are already preparing for a life-or-death winter. Our sector has been in dire straits since last September, with the EU losing around 50% of its zinc and aluminium production capacity due to skyrocketing power prices. Europe’s replacement of aluminium supply from elsewhere in the world has added a net 6-12 million tonnes of annual CO2 emissions. Many more facilities are at risk of permanent closure if the EU’s fears of winter gas shortages and power price spikes are realised”.

The EU’s gas demand reduction plan gives guidance to Member States to reduce their gas demand over the next eight months. This includes criteria for governments to prioritise which industries to curtail above others to lower gas consumption. Although the non-ferrous metals industry has already electrified and is not a significant direct gas consumer compared with other major energy-intensive sectors, there is no possibility to reduce its remaining gas use in the short term without disrupting operations (and producers also rely on irreplaceable gas-reliant inputs). To ensure non-ferrous metals’ strategic role in the EU economy, governments should explore all other options before last resort curtailments.

Just as critical for metals producers, any supply shortage on the EU gas market will further increase EU electricity prices above today’s unilaterally high levels. Metals facilities across the continent are at risk of closure without stronger and more coordinated EU and national cost-offsetting measures. Once a smelter has curtailed, there is no certainty of a return to operation given the complexity and costs involved (restarting an aluminium smelter typically requires between €200 and €400 million and several months).

Guy Thiran continued: “Any further reduction of European metals production risks being permanent, threatening job losses and knock-on impacts on a complex web of essential and strategic EU value chains – from medical equipment and critical infrastructure to automotive and aerospace. Do not underestimate the immediate repercussions: global metals stocks are already at historical lows after the last year, and there is very little flexibility left in the system for Europe to keep replacing part of its domestic capacity from other sources”.

“We also see a direct threat to Europe’s accelerated clean energy goals. The EU’s planned production of batteries, solar panels, wind turbines and electric vehicles will require a secure supply of metals in rising volumes. Taking Europe’s existing metals production capacity offline will reduce the bloc’s strategic autonomy and impact global commodity prices. The clean energy technologies at the centre of the REPowerEU plan would likely become more expensive and be forced to use materials with a much a higher climate footprint”.

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About Eurometaux: Eurometaux is a trade association representing the collective European non-ferrous metals industry, including miners, smelters, refiners, fabricators and recyclers of the base metals, precious metals, and minor metals needed for the twin transition. In total the industry employs 500,000 people across over 900 facilities, with an annual turnover of €120bn.