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The European aluminium industry faces an increasingly fragile environment shaped by geopolitical instability, high energy costs, and structural policy challenges. So, what's next for the sector?

How the aluminium industry must change

What's to come for the aluminium industry? We asked four associations about the current mood in the sector.

ALICIA BARTH

The war in Iran is still ongoing and putting mounting pressure on the global industry. Smelters in surrounding countries have reduced their aluminium production, two smelters have been damaged in attacks, aluminium prices are growing, shipments via the Strait of Hormuz are restricted. On top of this critical development, the markets in Europe remain volatile. High energy prices and the export of aluminium scrap are affecting the industry as well.

In light of this, International Aluminium Journal asked European industry associations about their view on the current economic situation: What's the mood like in the aluminium industry?

"Almost daily, new challenges await us. Positively viewed, each day we get the chance to reinvent ourselves, but this also means a daily effort."

Alexa A. Becker, Association for Surface Finishing of Aluminium (VOA)

Who we asked

To provide a broader picture of the situation, we asked for statements from four different aluminium associations in Germany and Europe, focusing on changes, challenges, the greatest risks, and wishes for Europe's industrial future. We asked Angelika El-Noshokaty, Aluminium Deutschland, Dr Alexa A. Becker, Association for Surface Finishing of Aluminium (VOA), Nadine Bloxsome, The Aluminium Federation (Alfed), and Kelly Roegies, European Aluminium.

How do you see the economic and geopolitical situation?

"Almost daily, new challenges await us. Positively viewed, each day we get the chance to reinvent ourselves, but this also means a daily effort. The question is to what extent the future can be shaped as a positive space of opportunity. I assess the situation as volatile, but it is up to each individual to shape the future," says Alexa A. Becker in regard to the VOA members in Germany.

Nadine Bloxsome agrees on the market's volatility: "The environment remains highly uncertain, with geopolitical tensions, trade fragmentation, and energy volatility continuing to impact industrial stability. For aluminium, this creates cost pressure, supply chain risk, and reduced investment confidence across global markets."

Angelika El-Noshokaty emphasises this with concrete numbers: "Due to economic pressure, 28% of our members are reducing capacity in Germany. Added to this is the closure of the Strait of Hormuz. Around 17% of primary aluminium imported by the EU comes from this region. If the closure continues, smelters there would have to cut or halt production." This also stresses the relevance of a resilient raw material supply in the EU.

"Europe remains highly dependent on imports, including from the Persian Gulf. Rising energy costs and supply uncertainty are already affecting prices and market sentiment, while the full impact remains difficult to assess," Kelly Roegies summarises.

What changes do you expect to occur over the course of the year?

Based on this assessment, it is clear that regulations and policies have to intervene, as European Aluminium explains: "Much will depend on how geopolitical tensions evolve. At the same time, 2026 will be decisive for the sector, with key EU policy files underway, including the Carbon Border Adjustment Mechanism (CBAM) review, the revision of the EU Emissions Trading System, and the upcoming Circular Economy Action Plan.

CBAM is also affecting the UK: "Policy interventions such as CBAM and industrial strategy developments may bring more structure, but short-term uncertainty and shifting supply chains are likely to persist," says Nadine Bloxsome from Alfed.

When looking at Germany specifically, Aluminium Deutschland is also expecting much from politics: "The German government has announced major economic reforms, which must be implemented quickly to ease the industry. Otherwise, job losses and offshoring may follow," Angelika El-Noshokaty urges.

On the other hand, Alexa A. Becker remains optimistic: "Sentiment in residential construction has recently improved. Given aluminium's positive properties, I expect strong demand with high-quality finishes. 82% of our members work mainly in construction or architecture, which would imply many orders for our members who are part of international supply chains."

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Kelly Roegies, European Aluminium

Which measures could contribute to an economic improvement?

What the industry associations agree on: a wish for strong domestic industries. But how can that be achieved?

Alfed, for example, stresses the importance of energy costs: "Targeted support for energy-intensive industries is critical, alongside stable, long-term industrial policy. Reducing energy cost disparities, improving trade clarity, and supporting domestic manufacturing will be key to restoring competitiveness and driving investment." ▶

Dr Alexa A. Becker, Association for Surface Finishing of Aluminium (VOA)

Kelly Roegies, European Aluminium

Angelika El-Noshokaty, Aluminium Deutschland

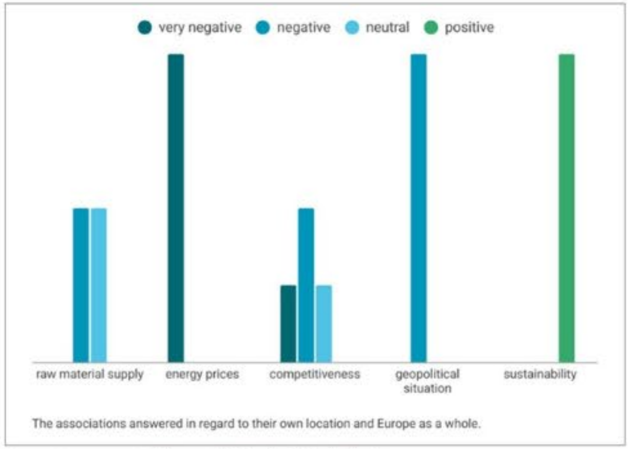
Nadine Bloxsome, The Aluminium Federation (Alfed)

Photos: VOA, European Aluminium, Aluminium Deutschland, Alfed

Angelika El-Noshokaty sees this similarly: "Low energy prices remain crucial for our competitiveness. Reducing bureaucracy is equally important. When looking at Europe, impending policies, such as the introduction of CBAM have to be designed pragmatically and must not burden the industry further."

"I wish for less regulation from the European Commission and more practical, supportive policy. In Germany, this implies affordable energy and less bureaucracy, and a society that is happy to further develop Germany as an industrial nation," says Becker.

For this issue, European Aluminium is setting a benchmark to ensure globally competitive energy prices in Europe: "A benchmark should be a maximum total electricity cost of EUR50 per MWh for industry, not only the wholesale power price."



A current assessment of the mood in the aluminium industry.

What should be top priority in 2026?

Given this, we asked the associations about topics that have been overlooked and should be a top priority in the current year. For Nadine Bloxsome, the case is clear: "Industrial energy competitiveness remains underestimated. Without addressing structural energy cost gaps, the UK and Europe risk losing strategic manufacturing capacity. This must be a top priority to ensure resilience and support the transition to net zero."

On the other hand, Alexa A. Becker also refers to more widespread issues in society: "Social policy issues, the reform of social security systems, appreciation of work and education, understanding of democracy, and also digitalisation and artificial intelligence. Domestically, it is necessary to relieve and strengthen the economy so that it remains competitive, especially against the background of the Iran war. If the fighting continues, it will impact the economy in Germany. A lasting increase in oil prices carries the risk of higher inflation. At the same time, there is disruption to global supply chains, which affects the economy in Europe and thus our member companies."

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> **Angelika El-Noshokaty,**
> Aluminium Germany

While the VOA is thinking more broadly, Aluminium Deutschland and European Aluminium specifically address the outflow of aluminium scrap: "Europe must limit the outflow of aluminium scrap, as it is the cost-effective and sustainable alternative to primary aluminium. However, a significant share is exported, which weakens domestic industry. Protective tariffs could secure fair competitive conditions for German recycling companies," says Angelika El-Noshokaty.

Kelly Roegies adds: "Record volumes of aluminium scrap leave the EU, despite strong domestic demand. With the Iran war increasing global demand for scrap as a substitute for primary aluminium, the Commission should quickly introduce a robust trade measure on scrap exports to secure feedstock for European recyclers."

What are the greatest risks the industry is facing?

Also regarding the greatest risks facing the aluminium industry, the answers focus on similar aspects, as Alfed's position shows: "The greatest risks are sustained high energy costs, fragmented trade policy, and global market distortion. Combined, these threaten competitiveness, investment, and supply chain resilience, particularly for domestic producers."

Aluminium Deutschland sees this similarly: "In addition to the current crisis in the Middle East, which is hitting us hard, political conditions in particular are endangering the competitiveness and investments of our industry. Non-competitive energy prices, weak demand and upcoming additional costs from the CBAM are particularly risky. We also see raw material outflows – especially in a situation such as the current one – as one of the greatest risks."

The industry associations are agreeing on the most urgent topics.

Photos: Infogram / Alicia Barth

"Aluminium is designated by the EU as a strategic and critical raw material, and further capacity losses would increase Europe's dependence on imports and weaken supply security for key industrial value chains, including renewable energy and defence," Kelly Roegies adds.

For Alexa A. Becker, the case is simple, yet clear: "Failing to look optimistically into the future and burying one's head in the sand."

What the industry agrees on

Across the four associations, a consensus emerges: the European aluminium industry faces an increasingly fragile operating environment shaped by geopolitical instability, high energy costs, and structural policy challenges. While the specific emphases differ, the sector broadly agrees that competitiveness can only be guaranteed through reliable, affordable energy, pragmatic regulation, and a more strategic approach to raw materials. The respondents also underline that Europe's heavy dependence on imports exposes the industry to heightened vulnerability, especially as ongoing conflicts continue to disrupt supply chains and elevate global price pressures.

> "Policy interventions may bring more structure but short-term uncertainty and shifting supply chains are likely to persist."
>
> **Nadine Bloxsome,**
> The Aluminium Federation (Alfed)

At the same time, the associations highlight the importance of long-term industrial policy. A policy that strengthens production capacity, supports investment, and enables companies to navigate volatile markets with greater certainty. Whether through targeted relief for energy-intensive industries, simplified bureaucracy or trade measures that prevent resource outflows, the shared message is clear: without decisive political action, Europe risks further disruption of its aluminium value chain. With 2026 set to bring crucial regulatory decisions, the industry largely agrees that this year will determine whether Europe can stabilise its position. ■