

Sustainability: Why the aluminium industry is a pioneer

Is Europe acting too naively on trade issues? Do politicians need to rethink the framework conditions of globalisation? **Gerd Götz***, Director General of European Aluminium talks in an interview about past experiences, visions for the future, the relationship between industry and sustainability - and about the aluminium industry's pioneering role in the area of sustainability.

ALUMINIUM:

Mr. Götz, European Aluminium is celebrating its 40th anniversary this year. What significance does that have for you?

Gerd Götz:

It is a good moment to pause. To reflect on what we have already achieved and what we still want to achieve. We have experienced elementary economic and political upheavals in these four decades, and many of them have also affected our industry. I think it is clear to all of us that we are also now in a turning point.

Is the pandemic also such a trigger for upheaval?

Götz: It forms a certain stopping point. Globalisation has undoubtedly brought many benefits, but in the past ten years in particular we have probably stopped too seldom to scrutinize developments. This applies, for example, to the strategic importance of supply: We were used to everything being available at all times - from toilet paper to aluminium ladders from China. Now we have to think about whether this kind of globalisation was the right development. We have also made the mistake of looking at certain areas in too isolated a way.

For example?

Götz: Trade and the environment, for example. Today, we see much more clearly how closely these two areas are linked. Our task must be to also link them wisely. Europe has often been too naive when it comes to free trade. We have inherently equated market economies and non-market economies - thinking, "We'll convince them that our way is the right way." Here, a period of reflection would probably do us good.

The pandemic has also fueled the discussion about globalisation and re-regionalisation. Is this relevant for the aluminium industry?

Götz: I don't expect re-regionalisation; the structures here are quite solid. On the subject of globalisation, however, there is definitely a need for action on the part of policymakers. Because we have to realise that the major investments in our industry have recently tended not to take place in Europe, at least not on a broad scale - despite growing demand and despite the fact that the European market is highly innovative and sustainable. Fortunately, we now have - and European Aluminium has also worked hard on this - anti-dumping duties on extrusions and soon also on rolled products. And surprise, surprise: we are again seeing the first European investments in extrusion presses.

Would you like to see further political action on competitive conditions?

Götz: Our industry shows, as if under a burning glass, the effects of not having comparable market conditions. The framework conditions are crucial for us - not just to promote free trade, but to promote fair free trade.

Europe is repeatedly accused of being too lacking in self-confidence. Are we too despondent here?

Götz: Certainly not lacking in courage, but not courageous enough. Europe has so much purchasing power, is so well educated - hardly any other region can keep up. There is absolutely no reason not to be self-confident. Neither for politics nor for business.

But you're not talking about protectionism?

Götz: Of course not, it's about equality, partnership and a promising future. The WTO's rules and regulations no longer

fit today because they were drawn up in the mid-1990s, when it was assumed that everyone else wanted to be like us. Today, we recognise that many can't or don't want to. That's why WTO reform is so important for business.

But the fact that trade issues are at the European level probably helps?

Götz: Yes, that is extremely important. The fact that we can be strong together here is an achievement of the EU that should not be underestimated. Not in order to overrun others, but in order to be able to act with an ethical and humanitarian claim. After all, the founding fathers of the Union had the same.

At the ALUMINIUM Business Summit, where you will be giving a keynote address, the topic of sustainability will be a cross-cutting issue. Does the aluminium industry rightly see itself as a pioneer here?

Götz: We are definitely in a pioneering role here. Our members demonstrated this very emphatically back in 2015 when they drew up a Sustainability Roadmap with targets for 2025 - even before the UN SDGs or the European Green Deal determined action. And since then, we have become even more ambitious. Above all, we are showing what is possible - in the can as a consumer product, in the mobility of tomorrow, and increasingly also in the area of design for recycling. Anyone who works with aluminium simply has a material advantage.

And that is also increasingly being recognised by the public?

Götz: Yes, but interestingly enough, it's always the terminology that gets in the way.

The terminology?



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Götz: Terms like "scrap" and "garbage" have always had negative connotations. We are just beginning to learn that we have to use them positively. With "urban mining," we're already a step further in this direction.

What is your opinion of the Carbon Border Adjustment Mechanism? Good intention, difficult implementation?

Götz: CBAM is a difficult topic because it is complex. I see the danger of it becoming too much of an expert topic because the big picture is lost sight of. I concede that policymakers will also have to draw boundaries at some point, but at the moment, in my view, there is still too much being thrown into one basket that belongs in different baskets, because

there are serious differences between the envisaged sectors under the CBAM proposal.

Give me an example?

Goetz: For example, we in the aluminium industry are strongly linked to indirect energy costs - which others are not. Some mechanisms don't work equally well for all groups. That's what we're trying to get across to the Commission and the member states at the moment.

But you agree with the intention?

Götz: We all know that the EU wants to introduce this levy in the long term and also wants to get other regions to take a similar approach. Strategically, this is a very honorable approach. But when I look at the

concrete consequences for some sectors that are included in the first phase, I can't be satisfied with it. I see that the aluminium industry will be disadvantaged compared to others. The one-size-fits-all approach simply does not match reality.

I certainly understand the ambition to create new incentives. But from our industry's point of view, I have to point out that the current arrangements for carbon leakage protection work better - they allow for a reasonable mix of trade and climate policies.

I assume the "Fit for 55" package is also highly relevant for the aluminium industry?

Götz: Almost every one of the announcements, yes. On some topics I think we're falling short, on others we're going rather in the wrong direction. But that's normal. Above all, I don't see any malice behind it.

But here, too, there is the question of the compatibility of the actors and intentions.

Götz: Most parliamentarians in Brussels understand that creating a framework for competition is an important task. At the moment, there's a very strong tailwind for those who are concerned with the Green Deal. And sometimes let the train go too fast. More and more are realising that the Green Deal won't work without the economy. After all, the Green Deal is Europe's new economic strategy and, accordingly, is supposed to aim for a thriving, sustainable economy.

Doesn't that give you hope?

Götz: Today, no one can seriously doubt that this must go hand in hand. But here, too, we have to learn from history. Why was there such a bloodletting of Europe's primary industry in the past ten or 15 years? It wasn't the individual regulations per se, it was the accumulation of regulations. There are so many good aspects in "Fit for 55"! But tackling all of this in the right priority is a huge task and needs not only political direction but also the expert view of the industry.

Allow me one more question in your own interest: What role will trade shows play in your eyes in the future?

Götz: They will continue to offer the opportunity to meet as many players in one's own value chain as possible in a short time. Trade shows will continue to have this importance. Above all, transparency is unbeatable - you may not learn any trade secrets at trade shows, but you can compare yourself with the best in class. And no one has ever become worse because they have benchmarked. ■

*Gerd Götz has been general manager of European Aluminium since 2013. He has held various senior positions in public affairs, corporate communications and brand management in Berlin, Hamburg, Brussels and Amsterdam. Most recently, he was Vice President and Global Head of Public Affairs at Royal Philips. Gerd Götz studied business administration and economics in Berlin and Paris-Dauphine and earned his doctorate at the Free University of Berlin.