

# Aluminium Industry: Optimism lies ahead post-COVID

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At the start of 2020, there was a feeling that the global economy was finally shaking off the effects of the financial downturn of a decade ago. But then COVID-19 struck and since then, no industry has been spared the effects of the pandemic including the aluminium industry.

In late 2019, the International Aluminium Institute commissioned a report, to look into the global demand for aluminium up to 2050. The authors, CM Group, identified the outlook in February as 'strongly positive' with a demand of 335 million tonnes per year by 2050.

But since COVID, the landscape has changed and so has the forecast for the industry. And for this reason, the report

had to be updated to reflect the impact of the pandemic on the aluminium value chain. Subsequently, An Initial Assessment of the Impact of the Covid-19 Pandemic on Global Aluminium Demand report has been published.

While there is the inevitable conclusion that the demand for aluminium will fall this year, there remains significant optimism to mid-century. The long-term drivers of aluminium growth remain after COVID and, if anything, the opportunities are greater.

COVID-19 can, and should be, a pivotal moment for aluminium industry. That the industry (like all industries) needed to adapt to changing expectations from society on ESG performance, was already

well understood, but 2020 has sharpened those expectations.

Growing demand is predicated on delivery of metal to markets that meets and exceeds those expectations – responsibly sourced, lower carbon, lower environmental impact.

At the same time, the report indicates there is a growing appetite for environmentally friendly solutions in transport, infrastructure, energy and food security, which aluminium is poised to deliver. This was a trend before the pandemic but is being accelerated by the crisis.

Aluminium is the most recycled and recyclable of all materials. Aluminium can be reused over and over again. Both

aluminium and its alloys can be melted down and reused without any detriment to its mechanical properties. About 75% of all aluminium ever produced is still in use today. With such a strong sustainability credential, the metal is ready to meet consumer expectations.

The CM Group Report, using forecasts from the International Monetary Fund (IMF) in conjunction with its own evidence, identifies opportunities for the industry to deliver tangible benefits, including:

- The elimination of outdated capacity
- The elimination of capacity unlikely to meet tightened environmental standards
- Acceleration of projects that position the industry for a carbon-constrained future
- New market opportunities where competitor materials have been impacted by COVID-19

There is also a strong positive sentiment within the industry, based on the findings and survey responses analysed by CM Group.

Significantly, 83% believe the pandemic will have just a short-term impact on aluminium consumption; with most expecting China's economy to rebound in 2021, which aligns with the report's own data.

More than half (56%) do not think the

pandemic will cause fundamental changes to supply and consumption and that low-cost and well-performing organisations can benefit and increase their market share at the expense of outdated, high-cost rivals.

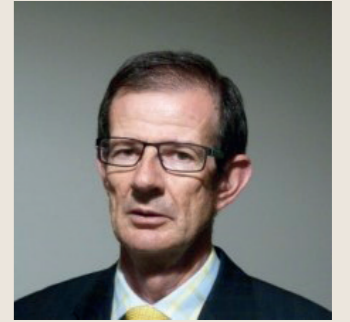
Crucially, when questioned whether the situation would be positive or negative to long-term demand growth, more than a third (37%) believe there are opportunities to grow aluminium consumption, particularly in terms of furniture and UHV cables in construction.

The aluminium industry – like all industrial sectors – is still facing a testing future in the short term, but there should be cause for optimism. To take advantage the industry needs to analyse its operations and strategies and seek new market opportunities.

To achieve this will require all hands on deck – consumers, industry leaders, policy makers, governments and all stakeholders playing a part to deliver positive change.

It will take appropriate policies, fiscal stimulus packages as well as a continued transformation in consumer purchasing habits and lifestyle to deliver change and drive demand post-COVID-19.

The opportunities are there. And in the midst of this COVID pandemic lies hope and good prospects for the aluminium industry. ■

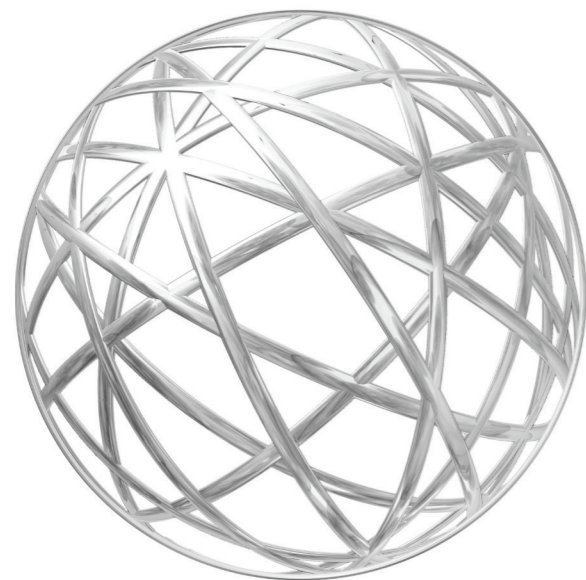


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