



AUSTRALIAN
ALUMINIUM
COUNCIL LTD

Aluminium

The Original Critical Mineral and Clean Energy Export

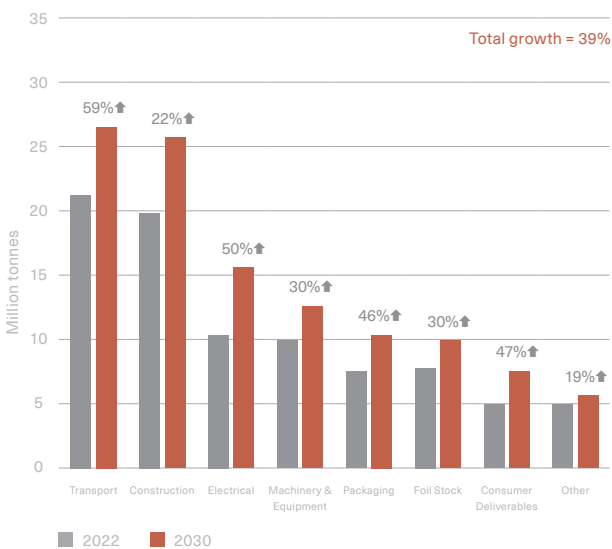
Bauxite, alumina and aluminium will have a central role in Australia’s transformation to a clean energy superpower, with policy support to be commercially and environmentally sustainable. We call on Australian governments to assign priority status to bauxite, alumina and aluminium.

Aluminium is essential in modern lives and in advanced economies – it is the original critical mineral. Its light weight, strength, and durability make it the perfect choice to use in everyday life as well as in the clean energy transition. Australian aluminium has also been a clean energy export for nearly 70 years and could become its first superpower.

Today, aluminium is the second most used metal on the planet with around 100 Mt consumed every year. With a global market value of around US\$270B, aluminium is also one of the largest commodity markets and a significant economic opportunity for those nations who can produce it.

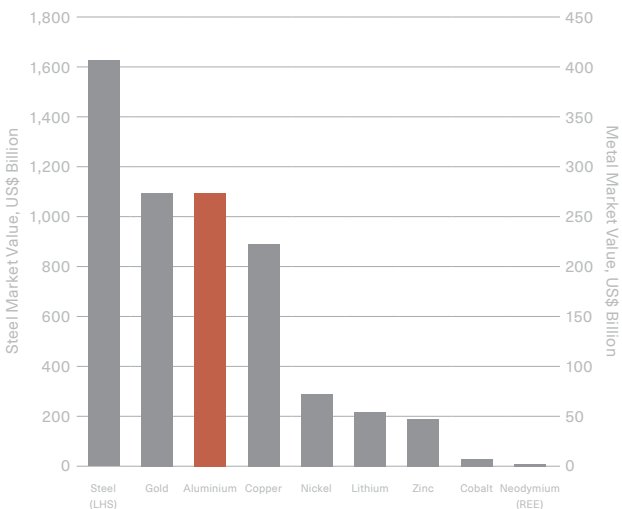
Australia is one of the very few nations that supplies aluminium across the whole supply chain from mining to fabrication. It has played an important role in Australia’s prosperity, providing a secure source of supply, direct jobs and regional development; export revenue; State and Federal taxes and royalties and providing the reliable demand which underpinned the growth of the energy sector. And the outlook for aluminium is bright – aluminium consumption has nearly tripled since 2001 and is expected to nearly double again by 2050.

The outlook for aluminium consumption, by application, 2022-2030



Source: CRU, Opportunities for aluminium in a post-Covid economy, 2022.

Metal market values, 2022



Source: Australian Aluminium Council, Department of Industry, Innovation and Science.
Note: Market value estimated as final consumption multiplied by average annual price.

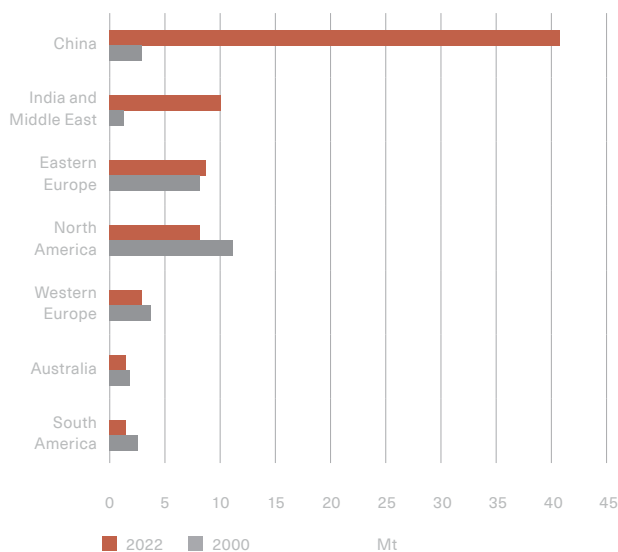
Yet the future of the industry in Australia is threatened by high energy costs, proactive industry policy among competitor nations as well as regulatory complexity and uncertainty.

The global aluminium industry has undergone significant structural changes in the last twenty years with major investments in aluminium smelting and alumina refining capacity in China, the Middle East and India shifting the market balance significantly away from traditional producers in North America and Europe. China, Middle Eastern nations, and Russia now account for over 70% of global aluminium production. Securing supplies of bauxite, alumina and aluminium are an increasingly important objective for many nations – particularly Australia’s valued Quad Allies.

Sources [to right]: International Aluminium Institute, Department of Industry, Science and Resources, USGS.

The shifting geographic distribution of primary aluminium production, 2000-2022

Annual Aluminium Production

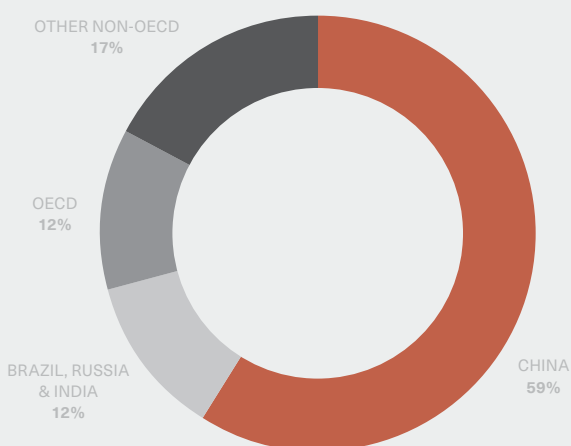


Australia is well placed to build on its aluminium supply chain to meet growing international demand. To do so, however, requires specific government policies.

As an immediate next step, we call on Australian governments to assign **priority status to bauxite, alumina and aluminium**. Prioritising the aluminium chain within critical minerals and manufacturing policies is a helpful and efficient first step while progressing policy in five other focus areas:

Emerging geopolitical risks in aluminium production

Primary Aluminium Production 2022



Source: United States Geological Survey, Department of Industry, Innovation and Science, International Aluminium Institute.

- ▶ Deliver **internationally competitive supplies of clean energy**;
- ▶ Use of **Production Tax Credits** and a **Transformational Infrastructure and Technology Fund** to enable Australia to be sufficiently competitive to be able to attract global decarbonisation investment;
- ▶ **Prioritise the Australian aluminium value chain** within industry development policies;
- ▶ **Environmental approval processes** across the supply chain that appropriately balance the environmental rigour and protection with timelines that reflect commercial needs; and
- ▶ Development of **long-term strategic partnerships** with likeminded countries.

Bauxite, alumina and aluminium will have a central role in Australia’s transformation to clean energy superpower, with policy support to be commercially and environmentally sustainable. The industry will continue to employ tens of thousands of Australians in high paying roles, while also meeting our domestic needs and those of our strategic partners in a changing geo-political landscape.