

MEDIA RELEASE



Thursday 5 March 2026

Targeted policy reform needed to unlock clean manufacturing opportunity

A new report by L.E.K. Consulting for the Australian Aluminium Council released today has found that while aluminium recycling offers one of the most effective pathways to lower-emissions manufacturing, significant economic, technical and policy barriers are preventing investment in domestic recycling and remelting capability in Australia.

The report finds that recycling aluminium requires only around five per cent of the energy used in primary production and is increasingly demanded by manufacturers, builders and brand owners seeking verified low-carbon materials. However, first-generation remelting projects remain commercially unviable under current conditions.

“The challenge is not a lack of demand or ambition – it’s that the economics simply don’t quite stack up today,” said Marghanita Johnson, CEO of the Australian Aluminium Council. “High energy costs, tight scrap margins, technical complexity and fragmented policy settings are all acting as barriers to investment.”

The report notes that Australia’s current aluminium producers have trialled and progressively expanded closed-loop recycling systems for pre-consumer scrap, demonstrating strong stewardship and technical capability. However, these systems are reaching their practical limits without significant new investment in remelting capacity, technology and supporting infrastructure.

According to the report, aluminium scrap prices in Australia typically sit at more than 90 per cent of the London Metal Exchange benchmark, leaving limited margin for domestic remelters once energy, transport and processing costs are included. These pressures are compounded by mixed-alloy scrap streams, limited pre-treatment infrastructure and Australia’s geography, which makes collection beyond 500 kilometres uneconomic without support.

The report also highlights that existing government programs are not designed to support aluminium remelting, despite its strong decarbonisation credentials.

“Aluminium recycling sits in a policy gap – it’s too industrial for waste programs and too early-stage for purely commercial finance,” Ms Johnson said. “Without coordinated support, these projects will not proceed, even though the long-term benefits are clear.”

Drawing on international experience from Europe, North America and Asia, the report finds that successful recycling industries are built through direct government co-investment, particularly for first-of-a-kind remelt plants, technology upgrades and enabling infrastructure.

The report identifies three priority actions required to overcome current barriers:

- Preserving the competitiveness of existing aluminium smelters, which underpin skills, capability and future recycling potential;
- Mobilising capital for first-generation remelt facilities through blended finance, including grants, concessional debt and investment incentives; and
- Building market confidence and feedstock certainty through recycled-content standards, procurement signals, improved scrap transparency and targeted logistics support.

“This is not about mandating outcomes before the foundations are in place,” Ms Johnson said.

“It’s about creating the conditions where industry can invest, scale and compete in a lower-carbon global market.”

-ENDS-

ABOUT THE COUNCIL

The Australian Aluminium Council (the Council) represents Australia’s bauxite mining, alumina refining, aluminium smelting and downstream processing industries. The aluminium industry has been operating in Australia since 1955, and over the decades has been a significant contributor to the national economy. It includes six mines which collectively produce over 100 Mt per annum making Australia one of the world’s largest producers of bauxite. Australia is the world’s largest exporter of alumina with five alumina refineries producing around 17 Mt per annum of alumina. Australia is the seventh largest producer of aluminium, with four aluminium smelters and additional downstream processing industries including more than 20 extrusion presses. Aluminium is Australia’s highest earning manufacturing export. The industry directly employs more than 20,000 people. It also indirectly supports a further 55,000 families predominantly in regional Australia at pay rates 60% above the national manufacturing average. The industry contributes more than A\$18 billion to Australia’s economy with annual export revenue in excess of A\$15 billion.

MEDIA CONTACT

Marghanita Johnson, CEO, Australian Aluminium Council
M +61 (0)466 224 636 or marghanita.johnson@aluminium.org.au