

22 September 2021

Renata Williams White
BEIS
1 Victoria Street
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Dear Renata,

I know you're aware that energy costs are skyrocketing right now. I want to put those increases in context so you fully understand the implications for UK industry – and the urgent need for the Government to act.

Right now, ALFED members are facing astronomical price increases of nearly 200% for gas and 50%+ for electricity. One member will be paying £300,000 more annually for electricity alone.

This situation is dealing a major blow to the UK's competitiveness – and is set to negate growth driven by the UK's post-Brexit industrial strategy

- UK aluminium won't be able to compete with European and international players, whose Governments are subsidising energy
- ALFED members are concerned that businesses will close if production can shift to countries with lower energy costs
- There will be a knock-on effect on the competitiveness of many industries that rely on aluminium, both upstream and downstream

There are profound economic implications if the Government fails to address this situation

The aluminium sector directly employs 37,000 people across the country and contributes £2.97 billion in Gross Value Added (GVA) to the UK economy. When you factor in the wider supply chains that contribute to aluminium production and manufacturing, the sector supports 97,000 jobs and £6.8 billion in GVA. A great deal of economic value and many jobs are at risk because of the current situation.

I've attached some data to illustrate the precarious position the aluminium sector – and by extension, the wider UK industry – is now in.

To safeguard the UK's strategic interests, the Government must act now

We need the Government to:

- Support businesses so they're not disadvantaged compared with international competitors benefiting from subsidies
- Rally behind an energy policy that ensures a secure and cost-effective supply
- Ensure UK industry can compete effectively in a global market over the short, medium and long term

I'd welcome the opportunity to speak with you about this in more detail.

Yours sincerely,



Tom Jones
Chief Executive Officer

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