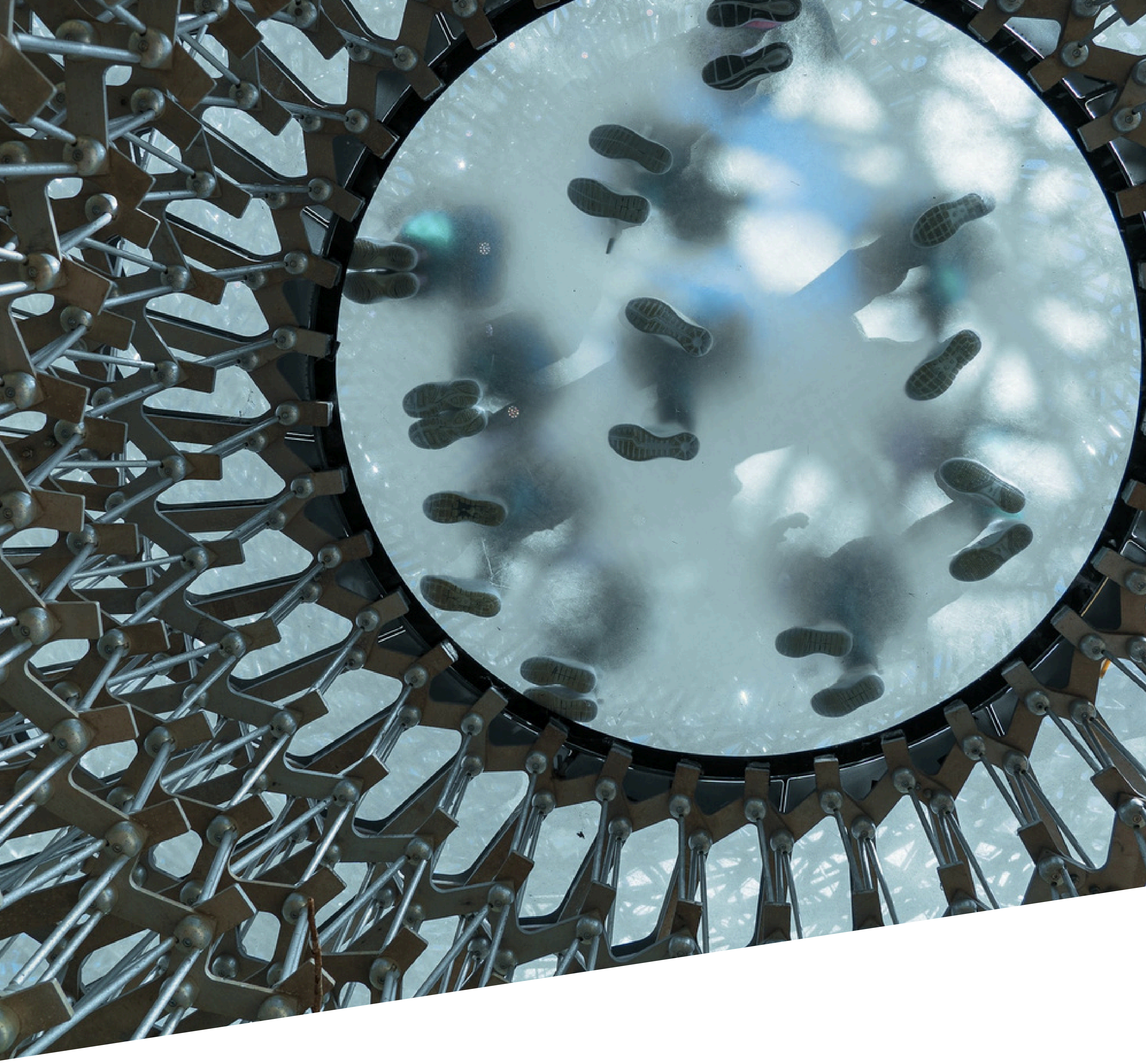
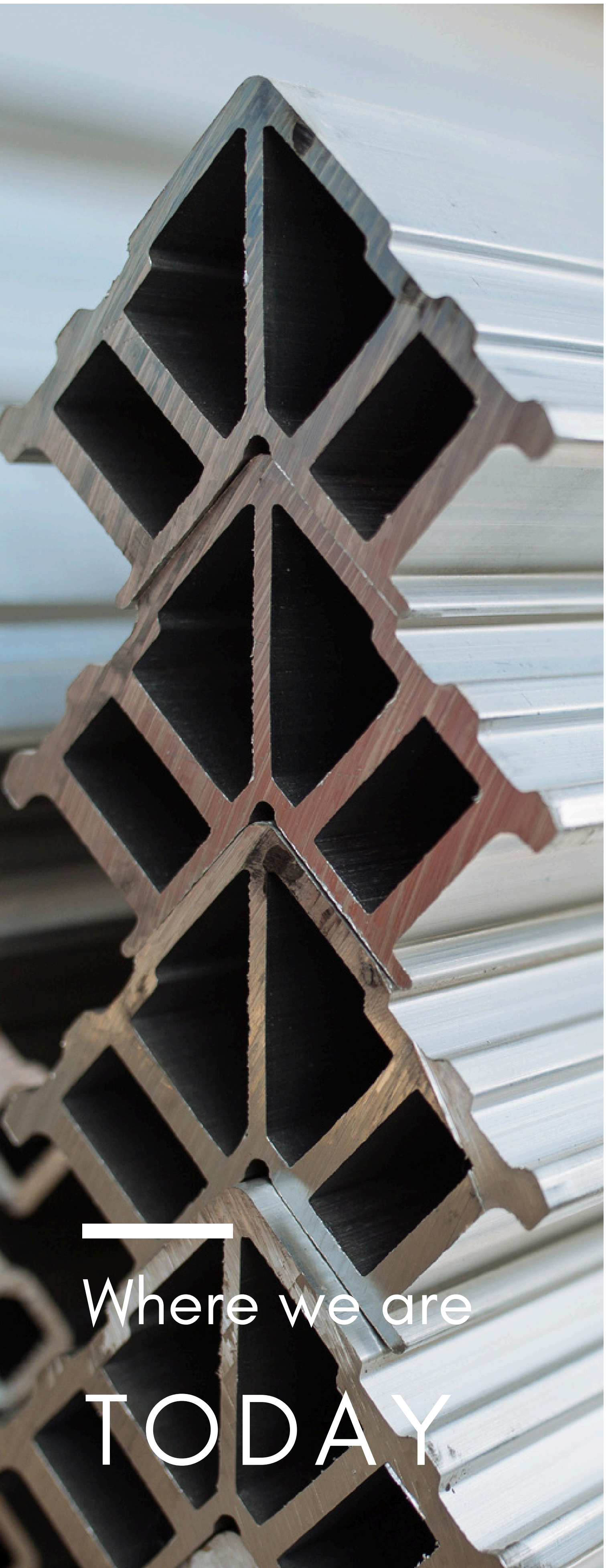


RESPONSE TO 'INVEST 2035 – THE UK'S MODERN INDUSTRIAL STRATEGY'

MEETING THE NEEDS OF THE ALUMINIUM SECTOR

ALFED
ALUMINIUM FEDERATION



CONTENTS

RESPONSE TO ‘INVEST 2035 - THE UK'S MODERN INDUSTRIAL STRATEGY’

INTRODUCTION

The Aluminium Federation (ALFED) is pleased to share its comprehensive response to the UK Government's Invest 2035: The UK's Modern Industrial Strategy consultation. This response represents the collective voice of the UK aluminium sector and reflects ALFED's commitment to advancing innovation, sustainability, and economic growth within the industry. Aluminium is critical to modern infrastructure, renewable energy, and transport technologies. ALFED has engaged deeply in this process to ensure the needs and potential of the sector are fully represented in the strategy's development.

Why ALFED Submitted this Response

As the unified voice of the UK aluminium industry, ALFED is uniquely positioned to articulate the priorities of businesses across the aluminium value chain. From primary production to recycling and advanced manufacturing, the aluminium sector underpins many of the technologies shaping a greener and more innovative economy.

By submitting this response, ALFED seeks to:

- Highlight the industry's indispensable role in achieving the UK's net-zero and economic goals.
- Advocate for tailored policies that address the sector's challenges, including energy costs, skills shortages, and recycling infrastructure.
- Promote direct and consistent engagement between the government and the aluminium sector to support long-term growth.

KEY THEMES AND RECOMMENDATIONS

1. Strengthening Trade and Competitiveness

Trade and competitiveness are critical pillars of the aluminium sector's success. The UK's strategic location and proximity to EU and global markets present significant opportunities for growth. However, aluminium manufacturers face challenges from international competitors benefiting from lower energy costs and greater government support.

ALFED has called for:

- Fair Trade Practices: Policies that ensure UK aluminium manufacturers can compete on a level playing field in global markets. Collaboration on harmonised environmental and labour standards will reduce trade barriers while promoting sustainable production.
- Enhanced Export Opportunities: Developing international trade agreements focused on strategic materials like aluminium to strengthen the UK's position in high-growth sectors such as electric vehicles and renewable energy.
- Global Collaboration on Green Standards: Partnering with international leaders in low-carbon technologies to establish global benchmarks for sustainable aluminium production, boosting the competitiveness of UK manufacturers.

2. Aluminium as a Strategic Material

Aluminium is a material of the future, essential for decarbonisation and the circular economy. It plays a pivotal role in lightweight electric vehicles, renewable energy infrastructure, recyclable packaging, and low-carbon construction. ALFED has emphasised its infinite recyclability and energy efficiency, urging the government to prioritise the material in industrial strategy decisions.

3. Competitive Energy Pricing and Decarbonisation

High energy costs remain a significant barrier for the aluminium sector, which is energy-intensive by nature. ALFED has recommended competitive energy pricing models, renewable energy integration, and long-term power purchase agreements to support decarbonisation while maintaining competitiveness.

4. Support for Regional Aluminium Clusters

The aluminium industry's economic contributions are concentrated in regional hubs, such as the Midlands and Scotland. ALFED has called for targeted investments in infrastructure and grants to expand these clusters, which generate high-value jobs and support the UK's advanced manufacturing base.

KEY THEMES AND RECOMMENDATIONS

5. Investment in Recycling and the Circular Economy

Aluminium is the cornerstone of a circular economy. ALFED has advocated for increased funding for recycling infrastructure and policies that stimulate demand for recycled aluminium. These steps will ensure the UK remains a leader in sustainable materials and reduces its reliance on imported raw materials.

6. Skills Development and Innovation

The sector faces a skills shortage, particularly in advanced digital and green technologies. ALFED has recommended aluminium-specific training programs, apprenticeships, and co-funded upskilling initiatives to meet future workforce demands. Additionally, establishing an Aluminium Innovation Centre would accelerate research in lightweighting, advanced alloys, and recycling technologies.

ALFED's Call for Government Engagement

To fully unlock the sector's potential, ALFED has underscored the importance of consistent dialogue between the government and the aluminium industry. By prioritising direct communication with trade bodies like ALFED, the government can develop policies that reflect industry needs and promote sustainable growth.

Encouraging Broader Industry Participation

ALFED invites all members of the aluminium sector to engage with the government on this important consultation. Businesses are encouraged to submit their own responses, using ALFED's detailed submission as a foundation to tailor their contributions. A collective approach will strengthen the industry's voice and ensure its priorities are heard.

ALFED's submission to the Invest 2035 consultation represents a unified vision for a prosperous, innovative, and sustainable aluminium industry in the UK. By addressing challenges in energy, skills, recycling, and competitiveness, the UK Government can unlock the full potential of aluminium as a strategic material.

ALFED remains committed to working collaboratively with policymakers and stakeholders to ensure the aluminium sector continues to thrive and contribute to the UK's industrial and environmental goals.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

ALFED has carefully reviewed and responded to each question in the Invest 2035 Consultation. These responses reflect the collective input of ALFED member companies, emphasising the critical needs and contributions of the UK aluminium manufacturing and processing sector and aligning with ALFED's mission to champion innovation, sustainability, and sector-wide growth.

Sector Methodology

Q1. How should the UK government identify the most important subsectors for delivering our objectives?

The government should prioritise subsectors based on their environmental impact, contribution to net-zero goals, and economic resilience. Within the aluminium sector, UK-produced aluminium stands out due to its exceptionally low carbon footprint, achieved through advanced recycling practices and hydro-powered production at Lochaber. These processes make UK aluminium among the greenest globally, aligning with national decarbonisation objectives.

Aluminium manufacturing and processing meet all these criteria. Sub-sectors such as recycling, remanufacturing, and low-carbon aluminium production are pivotal, contributing to sustainable practices, supporting clean energy goals, and generating high-value jobs, particularly in regions with traditional manufacturing bases.

Aluminium's applications span diverse industries: it plays a critical role in sustainable packaging, energy-efficient construction, and lightweight transportation. The value chain includes contributions from primary producers, processors, recyclers, and manufacturers of high-value products. These interconnected roles ensure that aluminium supports regional growth while advancing UK climate goals. For example, the UK's production of 18 billion beverage cans annually showcases leadership in sustainable packaging and circular economy principles.

Aluminium is one of the strategic metals whose demand is forecast to grow dramatically. This growth reflects its foundational role in enabling advanced technologies like electric vehicles, renewable energy infrastructure, and energy-efficient buildings. To support these sectors, the government must prioritise not just production but also processing, fabrication, and recycling, recognising the entire lifecycle of strategic materials.

Q2. How should the UK government account for emerging sectors and technologies for which conventional data sources are less appropriate?

The UK government should adopt dynamic evaluation metrics that reflect technological innovation and environmental benefits. For example, aluminium recycling and low-energy remelting offer high-impact decarbonisation opportunities but require alternative data sources, such as industry-specific reports.
Including metrics for aluminium's role in replacing plastic in packaging and its lightweighting applications for low-carbon transport solutions would ensure these emerging technologies are appropriately valued.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

Q3. How should the UK government incorporate foundational sectors and value chains into this analysis?

Foundational sectors like aluminium are critical to the UK's industrial resilience. Aluminium supports supply chain stability for key industries such as automotive, aerospace, and construction, while also playing a vital role in renewable energy technologies, including wind turbines and solar panels. Its lightweight and durable properties make it indispensable for decarbonisation and energy-efficient transport solutions such as electric vehicles.

The aluminium value chain includes SMEs driving innovation and multinationals investing in large-scale production. Tailored government policies, such as grants for SMEs and competitive energy pricing for large manufacturers, are necessary to ensure all segments of the value chain are supported. Additionally, regional clusters like those in the Midlands and Scotland should be prioritised to maximise local economic benefits and enhance global competitiveness.

The government should support innovation in materials science, such as developing new aluminium alloys for lightweighting and enhancing recyclability. Creating a dedicated subsector within the industrial strategy focused on strategic metals, including aluminium, would ensure consistent investment in processing, fabrication, and recycling.

Sectors

Q4. What are the most important subsectors and technologies that the UK government should focus on and why?

The government should focus on aluminium recycling, advanced alloy development, and lightweighting technologies, which are essential for a circular economy. Aluminium packaging supports a closed-loop economy, with beverage cans being infinitely recyclable without quality loss, directly reducing plastic waste. Lightweighting technologies reduce energy use and emissions in transport, while advanced alloys enhance durability and efficiency in construction.

Collaboration across the value chain is critical to realising these opportunities. For example, partnerships between recyclers and manufacturers can enhance closed-loop systems, while joint projects with automotive and construction firms can drive innovation in lightweight and durable materials.

The government must also invest in technologies that improve resource efficiency, such as advanced sorting systems for aluminium recycling. By fostering innovation in these areas, the UK can reduce reliance on raw material imports and enhance its competitiveness in global markets.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

Q5. What are the UK's strengths and capabilities in these subsectors?

The UK has a legacy of world-leading expertise in metals processing, including aluminium, supported by a robust ecosystem of R&D institutions and advanced manufacturing capabilities. As noted by the Back British Metals (BBM) Initiative, the UK's position as a global trading nation and proximity to EU supply chains provide competitive advantages for aluminium manufacturers.

However, to fully leverage these strengths, the UK must address gaps in domestic processing and recycling capacity. For example, scaling up aluminium recycling domestically would not only reduce carbon emissions but also secure raw materials for UK supply chains, aligning with the Back British Metal Initiative's emphasis on enhancing self-sufficiency.

Q6. What are the key enablers and barriers to growth in these subsectors and how could the UK government address them?

The key enablers for growth in the aluminium sector include investment in recycling technologies, increased demand for low-carbon materials, and the promotion of domestic production in government procurement policies. UK-produced aluminium offers a unique advantage due to its low carbon footprint, and prioritising its use in national infrastructure projects would strengthen supply chains and reduce emissions.

The UK aluminium sector faces several barriers to growth, particularly rising costs associated with employers' national insurance contributions, above-inflation increases in the minimum wage, and potential increases in capital gains tax. Employers face increased costs from national insurance contributions, above-inflation minimum wage hikes, and capital gains tax, which erode margins and make the UK less competitive globally. Additionally, delays in planning approvals restrict the expansion of recycling and production facilities. These financial burdens significantly erode profit margins for businesses, making it challenging to remain competitive in a global market. Passing these costs onto customers risks pricing UK aluminium out of key markets and driving investments to more business-friendly regions.

To mitigate these challenges, the government should implement targeted policies such as reduced employer contributions for energy-intensive sectors, tax credits, and grants for strategic materials like aluminium. Establishing an Aluminium Centre of Excellence would further enhance competitiveness by fostering R&D in recycling, lightweighting technologies, and advanced alloys. Policies must also stimulate demand for recycled aluminium in high-value applications to secure a closed-loop economy.

The government should recognise that the long-term impacts of overburdening private businesses could include reduced investments, higher unemployment, and declining tax revenues. Proactively addressing these barriers will not only ensure the sector's growth but also contribute to the UK's decarbonisation and economic resilience goals.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

Business Environment

Q7. What are the most significant barriers to investment? Do they vary across the growth-driving sectors? What evidence can you share to illustrate this?

The aluminium sector's ability to attract investment is constrained by a combination of high operational costs, energy prices, and an increasingly burdensome tax environment. Energy-intensive industries in the EU benefit from significant government subsidies and financial mechanisms to offset operational and carbon costs. The lack of comparable support in the UK exacerbates the competitive disadvantage for domestic aluminium producers.

Additionally, rising costs such as employers' national insurance contributions, above-inflation increases in the minimum wage, and capital gains tax further erode profit margins. These pressures risk driving investments abroad, particularly in a globally competitive industry where margins are already tight. Evidence suggests that maintaining a competitive fiscal and energy landscape is crucial for retaining production and attracting future investment.

Addressing these barriers requires targeted intervention, including government-backed Power Purchase Agreements (PPAs) to stabilise energy costs, enhanced support for green technology adoption, and tax relief for energy-intensive sectors. Ensuring a level playing field for UK manufacturers will strengthen the sector's global competitiveness and safeguard its pivotal role in growth-driving industries.

People and Skills

Q8. Where you identified barriers in response to Question 7 which relate to people and skills, what UK government policy solutions could best address these?

A significant barrier to skills development in the aluminium sector is the declining number of apprenticeship starts, particularly in engineering, due to static funding bands that fail to account for inflation. ALFED supports Make UK's position calling for apprenticeship levy reform to ensure all funds raised are reinvested into training programs. Modular and flexible training models should be prioritised to accommodate the lifelong learning needs of the workforce, particularly in green and digital technologies.

Additionally, the government should increase funding for Levels 2 and 3 apprenticeships in engineering and manufacturing to address the growing skills gap. These measures are critical for equipping the next generation with the technical expertise required for the aluminium sector to remain competitive and sustainable.

Q9. What more could be done to achieve a step change in employer investment in training in the growth-driving sectors?

To achieve a significant increase in employer investment in training, the government must introduce tax incentives and co-investment programs that reduce the financial burden on employers. This aligns with Make UK's recommendation for greater transparency and flexibility in apprenticeship funding, ensuring that employers can access unused levy funds and reinvest them in their workforce.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

In the aluminium sector, targeted financial support should be provided to encourage training in advanced manufacturing processes, energy efficiency, and recycling technologies. Direct funding for industry-led training initiatives would enhance skills development and ensure that employees are equipped to meet the challenges of Industry 4.0 and decarbonisation.

Innovation

Q10. Where you identified barriers in response to Question 7 which relate to RDI and technology adoption and diffusion, what UK government policy solutions could best address these?

Barriers to RDI in the aluminium sector include limited access to innovation hubs and insufficient collaboration between research institutions and SMEs. ALFED echoes Make UK's recommendation for expanding access to Catapult Centres and funding for collaborative RDI projects.

The government should also establish a dedicated Aluminium Centre of Excellence to foster advancements in recycling, lightweighting, and digital manufacturing. This initiative would align with Make UK's broader call for enhanced innovation ecosystems and ensure that the UK remains a leader in sustainable aluminium production.

Q11. What are the barriers to R&D commercialisation that the UK government should be considering?

High upfront costs and regulatory delays hinder the scaling of R&D innovations. Government-backed loans for green aluminium technologies and fast-tracking regulatory approvals would reduce these barriers.

Data

Q12. How can the UK government best use data to support the delivery of the Industrial Strategy?

Creating a national data platform for energy use and emissions in the aluminium sector would enhance transparency and sustainability. Standardised data-sharing agreements across industries would foster collaboration and improve decision-making.

Q13. What challenges or barriers to sharing or accessing data could the UK government remove to help improve business operations and decision making?

Barriers to effective data sharing include concerns around data privacy, a lack of standardised protocols, and limited access to actionable insights. This hampers decision-making, particularly for SMEs in the aluminium value chain, which rely on operational and sustainability data to improve processes.

The UK government should create a centralised, national data-sharing platform focused on industrial materials like aluminium. This platform could track emissions, recycling rates, and energy usage, allowing businesses to benchmark their progress toward net-zero goals. Ensuring transparency and accessibility will support collaboration across the aluminium value chain and improve operational efficiency.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

Infrastructure

Q14. Where you identified barriers in response to Question 7 which relate to planning, infrastructure, and transport, what UK government policy solutions could best address these?

The UK planning regime remains a significant barrier to infrastructure development in the aluminium sector. Barriers related to planning processes significantly hinder the aluminium sector's ability to develop new facilities and expand capacity. Lengthy and complex planning approvals delay the establishment of recycling plants and production sites, slowing down the sector's contribution to decarbonisation and regional economic growth.

ALFED supports Make UK's position on reforming planning processes to accelerate decisions and reduce delays. Simplified and streamlined planning approvals are essential for enabling the expansion of recycling facilities and modernising production sites.

The government should implement streamlined planning processes that prioritise projects contributing to net-zero goals and regional manufacturing clusters. Aluminium production facilities, such as recycling hubs in the Midlands and Scotland, are essential for enhancing domestic supply chain resilience. Faster planning approvals would enable the industry to modernise infrastructure, meet rising demand, and drive economic growth in key regions.

Investments in transport infrastructure, such as improved road networks and rail connectivity, are also vital to ensuring efficient material flow across the aluminium value chain. These measures would create a robust ecosystem supporting the sector's long-term growth.

Additionally, targeted investment in regional infrastructure, including transport connectivity and energy-efficient facilities, will enhance productivity and reduce logistical costs for aluminium manufacturers. Aligning these measures with regional growth strategies will further support the development of aluminium clusters in areas such as the Midlands.

Q15. How can investment into infrastructure support the Industrial Strategy? What can the UK government do to better support this and facilitate co-investment? How does this differ across infrastructure classes?

Investment in infrastructure can enhance the competitiveness of the entire aluminium value chain. Developing transport links to regional clusters like the Midlands would reduce logistical barriers, while green energy infrastructure would support decarbonisation. Co-investment in electrification and renewable integration would directly benefit energy-intensive aluminium production.

To represent the full value chain, infrastructure policies should support primary production, advanced manufacturing, and recycling operations. For example, high-quality recycling facilities should be developed near manufacturing hubs to minimise transport costs and retain valuable materials within the UK.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

Energy

Q16. What are the barriers to competitive industrial activity and increased electrification, beyond those set out in response to the UK government's recent Call for Evidence on industrial electrification?

High electricity costs and limited access to renewable energy remain significant barriers to electrification in the aluminium sector. ALFED echoes Make UK's call for government-backed Power Purchase Agreements (PPAs) to provide long-term price stability and reduce energy costs. Successful examples from Germany and Norway highlight the effectiveness of subsidised energy tariffs and renewable energy incentives in supporting industrial electrification.

Furthermore, the UK grid must be modernised to handle increased demand and facilitate the integration of on-site renewable energy systems. By addressing these barriers, the government can ensure that aluminium producers transition to low-carbon production methods without compromising competitiveness.

Q17. What examples of international best practice to support businesses on energy would you recommend?

ALFED supports Make UK's emphasis on international best practices in energy management. Germany's subsidised industrial energy tariffs and Norway's use of long-term PPAs for renewable energy supply serve as exemplary models. These policies have enabled industries to transition to cleaner energy while maintaining global competitiveness.

In addition, the UK government should incentivise the adoption of advanced energy management technologies, such as those used in Japan's smart factory initiatives. For the aluminium sector, these measures would reduce operational costs, enhance sustainability, and support the transition to net-zero production.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

Competition

Q18. Where you identified barriers in response to Question 7 which relate to competition, what evidence can you share to illustrate their impact and what solutions could best address them?

Competition in the aluminium sector is significantly impacted by rising energy and operational costs, coupled with limited government support compared to international markets. EU benefit from substantial subsidies and financial mechanisms that offset these costs. For example, countries like Germany and France offer preferential energy tariffs and direct funding for decarbonisation projects, which help their industries remain globally competitive.

In contrast, UK aluminium producers face high energy prices and fiscal pressures, including increased national insurance contributions and capital gains tax. These factors undermine the competitiveness of UK-produced aluminium in global markets, risking the loss of investments to regions with more supportive policy frameworks.

ALFED aligns with Make UK's advocacy for fair trade practices and regulatory stability to create a level playing field. Introducing energy subsidies and simplifying compliance frameworks would enhance the sector's global competitiveness.

To address these challenges, the UK government must introduce fair trade practices and targeted policies, including energy subsidies and streamlined compliance frameworks. Public procurement policies should prioritise UK-produced aluminium, leveraging its low carbon footprint to meet sustainability objectives while supporting domestic competitiveness.

Q19. How can regulatory and competition institutions best drive market dynamism to boost economic activity and growth?

Encouraging pricing transparency and ensuring fair access to resources, including energy, will drive competitiveness. Flexible regulatory frameworks that support emerging technologies in aluminium recycling and low-carbon production would also promote growth.

Regulation

Q20. Do you have suggestions on where regulation can be reformed or introduced to encourage growth and innovation?

Reforms in energy pricing and streamlined compliance for aluminium recycling would reduce barriers to growth. Regulatory clarity around low-carbon production methods and sustainability reporting would further drive innovation and sustainable growth.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

Crowding in Investment

Q21. What are the main factors that influence businesses' investment decisions?

Investment decisions within the aluminium sector are influenced by a combination of operational costs, regulatory clarity, and access to skilled labour. Rising employers' national insurance contributions, minimum wage increases, and potential tax hikes, such as capital gains tax, make the UK a less attractive region for investment. This is especially concerning in a globally competitive sector where margins are already under pressure.

To foster a favourable investment climate, the UK government must balance fiscal recovery measures with policies that support industry competitiveness. This includes offering stable and competitive energy pricing, clear regulatory frameworks for decarbonisation initiatives, and financial incentives such as R&D tax credits and grants for energy-efficient technologies. Failure to address these factors risks driving global players to invest outside the UK, ultimately weakening domestic manufacturing capabilities and economic resilience.

Mobilising Capital

Q22. What are the main barriers faced by companies seeking finance to scale up in the UK or by investors seeking to deploy capital?

High capital costs and limited green investment incentives restrict access to finance. Government-backed loans and green bonds could support capital flow into scaling sustainable aluminium production and recycling infrastructure.

Q23. Are there additional financial instruments that could encourage strategic investment?

Green bonds, co-investment schemes, and industry-specific tax incentives would facilitate strategic investments in energy-efficient and sustainable aluminium production.

Trade and International Partnerships

Q24. How can international partnerships support the Industrial Strategy?

International partnerships focused on technology transfer and trade agreements would strengthen the aluminium value chain by enhancing access to global markets and innovative practices. Aluminium is essential for high-growth sectors, including renewable energy and electric vehicles. Strengthening partnerships with aluminium-producing nations would allow the UK to remain competitive in these sectors.

Q25. Which international markets present the greatest opportunity for growth-driving sectors?

The EU and Southeast Asia present significant opportunities for aluminium exports, given the high demand for sustainable materials in these regions for infrastructure and manufacturing.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

Place

Q26. Do you agree with the characterisation of clusters?

Yes, regional aluminium clusters, such as those in the Midlands and Scotland, are vital for driving innovation, economic growth, and sustainability in the sector. These clusters bring together SMEs, large manufacturers, and recyclers, creating synergies that benefit the entire value chain.

To enhance these clusters, the UK government should provide targeted funding for shared resources, such as recycling facilities and training centres. Improved transport links and access to affordable green energy within these regions will also strengthen connectivity and productivity. Developing these clusters further will ensure aluminium remains a cornerstone of regional and national economic resilience.

Q27. What public and private sector interventions are needed to make strategic industrial sites 'investment-ready'? How should we determine which sites across the UK are most critical for unlocking this investment?

To make industrial sites investment-ready, the government must streamline planning approvals and provide targeted infrastructure investments to support aluminium production and recycling facilities. Reducing planning delays is critical for enabling the establishment of strategic recycling hubs and the modernisation of production facilities, particularly in key regions like the Midlands and Scotland.

The government should also co-invest in site development, ensuring transport and energy infrastructure is equipped to meet the needs of energy-intensive industries like aluminium. Public-private partnerships can play a vital role in accelerating these developments. Aligning these efforts with regional economic strategies will enhance site readiness, promote job creation, and support the sector's decarbonisation goals.

Q28. How should the Industrial Strategy accelerate growth in city regions and clusters of growth sectors across the UK through Local Growth Plans and other policy mechanisms?

The strategy should provide targeted incentives for industrial clusters in city regions, including funding for green infrastructure and support for digital and transport connectivity. Local Growth Plans should work with industry associations like ALFED to ensure tailored policies that reflect local and sector-specific needs.

Q29. How should the Industrial Strategy align with Devolved Government economic strategies and support the sectoral strengths of Scotland, Wales, and Northern Ireland?

The strategy should coordinate with devolved governments to identify and enhance aluminium manufacturing clusters in each region, such as Scotland's alloy processing industry. Joint funding initiatives and shared development goals can ensure alignment and strengthen sectoral growth across the UK.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

Partnerships and Institutions

Q30. How can the Industrial Strategy Council best support the UK government to deliver and monitor the Industrial Strategy?

The Council can support delivery by collaborating with industry associations like ALFED, gathering data, and conducting regular reviews to ensure progress. Transparent metrics on aluminium's contributions to emissions reduction, employment, and trade performance will ensure alignment with the strategy.

Q31. How should the Industrial Strategy Council interact with key non-government institutions and organisations?

The Council should establish partnerships with trade bodies, research institutions, and private-sector stakeholders to gain insight into sectoral needs and advancements. Engaging non-government entities in policy formulation will help create effective policies for the aluminium industry.

Q32. How can the UK government improve the interface between the Industrial Strategy Council and government, business, local leaders, and trade unions?

The government should establish structured communication channels and regular consultations between the Industrial Strategy Council and key stakeholders. Trade bodies like ALFED can ensure that the perspectives of all members, from primary producers to recyclers and end users, are represented in policy discussions.

The aluminium value chain is diverse, encompassing not only primary producers, recyclers, and end users but also distributors, extruders, processors, and finishers. These segments are essential for ensuring a resilient and competitive supply chain. The UK government should acknowledge the role of smaller UK extruders, finishers, and processors, which provide critical capabilities that support domestic manufacturing. Neglecting these parts of the value chain would undermine the sector's overall competitiveness and sustainability.

Given aluminium's diverse applications and its importance to achieving net-zero goals, the Industrial Strategy Council should prioritise the sector. Direct representation from the aluminium value chain, including SMEs and large-scale manufacturers, would ensure policies are comprehensive and inclusive.

To improve collaboration, the government should create a metals-focused sub-group within the Industrial Strategy Council, as recommended by the Back British Metals Initiative. This group would ensure representation from the full spectrum of strategic metals, including aluminium, and align policy development with the needs of foundational industries. Such a subgroup could work closely with trade bodies like ALFED to provide sector-specific insights and ensure the UK's policies support innovation, competitiveness, and sustainability across the metals value chain.

ALFED'S RESPONSE TO CONSULTATION QUESTIONS

Theory of Change

Q33. How could the analytical framework (e.g., identifying intermediate outcomes) for the Industrial Strategy be strengthened?

The framework should include sector-specific metrics on energy consumption, emissions reductions, and job growth. Aluminium-related outcomes, such as increased recycling rates and reduced carbon footprints, would provide valuable data for assessing the strategy's effectiveness.

Q34. What are the key risks and assumptions we should embed in the logical model underpinning the Theory of Change?

Key risks include fluctuations in energy prices and global trade volatility, which can impact aluminium sector growth. Assumptions should consider ongoing government support for green technologies and regulatory alignment with international standards to maintain competitiveness.

Q35. How would you monitor and evaluate the Industrial Strategy, including metrics?

The Industrial Strategy should include metrics tailored to the aluminium sector, such as recycling rates, emissions reductions, and growth in aluminium-intensive exports. These metrics would provide a clear view of the sector's contribution to net-zero goals and economic performance.

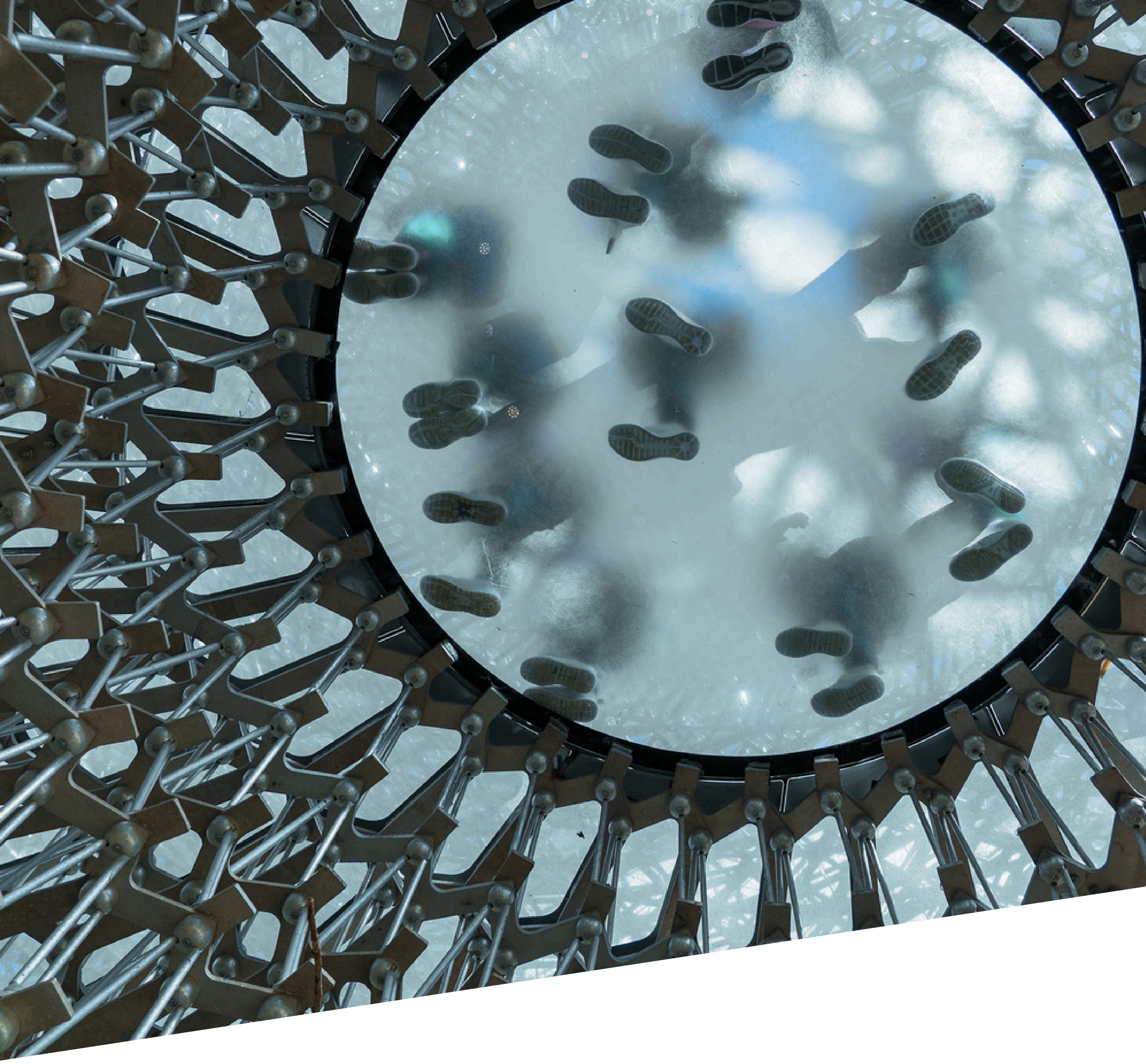
Monitoring should also include regional economic impacts, such as job creation within aluminium clusters, and the adoption of green technologies like low-carbon aluminium production. Establishing regular reviews and incorporating feedback from industry associations like ALFED will ensure the strategy remains adaptive and effective.

Additional Information

Q36. Is there any additional information you would like to provide?

The Aluminium Federation urges the UK government to consider the broader economic impact of its fiscal policies on the aluminium sector. Rising operational costs, compounded by tax increases, threaten to undermine the competitiveness of UK manufacturers in global markets. This, in turn, risks encouraging multinational companies to invest elsewhere, leaving domestic businesses vulnerable and jeopardising jobs across the value chain.

ALFED emphasises that private businesses should not be disproportionately burdened to address public sector funding deficits. A collaborative approach that includes targeted support for strategic materials like aluminium will strengthen the sector, enhance tax revenues in the long term, and contribute meaningfully to the UK's net-zero and economic growth objectives.



Aluminium Federation
Bragborough Hall Business Centre, Welton Road,
Braunston, Daventry, Northamptonshire NN11 7JG

Tel: 0333 240 9735
E: alfed@alfed.org.uk