

Positions & Strategic Priorities (2026 – 2027)

A unified
framework for
policy, advocacy
and industry
alignment



ALFED Policy Positions

The UK aluminium sector is well positioned to support industrial growth, circularity and national resilience. Unlocking this opportunity will require the UK to create the competitive conditions necessary to retain strategic material value, expand domestic processing capability and encourage long-term industrial investment.

ALFED's positions are centred on enabling competitiveness, strengthening domestic capability and aligning policy with the realities of the aluminium value chain. We believe that the UK must establish a competitive industrial energy framework that supports aluminium recycling, remelting, processing and producing, recognising energy as the single most critical factor in domestic viability.

Aluminium in all its forms, should be recognised as strategically important critical materials within the UK industrial economy. According to a 2024 report commissioned by ALFED, the wider UK aluminium industry currently supports more than 108,000 jobs and contributes approximately £9.4 billion in GVA to the UK economy, with the aluminium production sector alone supporting 16,500 jobs and contributing £1.9 billion in GVA. Despite this significant economic footprint, the sector still does not receive the level of policy focus, visibility or strategic support proportionate to its importance across manufacturing, defence, infrastructure, packaging, transport and the energy transition.

The UK aluminium sector supports open and competitive markets, while recognising the growing importance of retaining high-value secondary materials and strengthening domestic processing capability. As global trade conditions evolve and other regions introduce measures to retain strategic material value, the UK must ensure it has the appropriate mechanisms in place to support industrial competitiveness, supply chain resilience and long-term investment confidence.

ALFED Policy Positions

The immediate priority should therefore focus on improving domestic competitiveness, increasing transparency and traceability across scrap flows, strengthening UK recycling and remelting capability, and creating commercially attractive conditions that encourage higher-value aluminium materials to remain within the UK economy.

Targeted investment support mechanisms will be critical to strengthening UK aluminium competitiveness and accelerating circular growth. This should include enhanced capital allowances, circularity-linked tax incentives, co-investment opportunities, sorting and recycling infrastructure support, and improved access to grant funding programmes that enable UK-based research, development and industrial innovation.

Strategic support for R&D will be increasingly important in helping the UK aluminium sector design, develop and commercialise advanced low-carbon technologies, improve material recovery and processing capability, strengthen domestic manufacturing competitiveness and support wider industrial decarbonisation objectives.

Trade and carbon policy must be aligned to ensure UK manufacturing is not placed at a structural disadvantage, particularly in relation to CBAM, import dynamics and global competition.

Aluminium is listed as a critical and growth mineral within UK industrial strategy, with a coordinated approach to supply chain resilience, circularity and long-term investment.

Taken together, these positions reflect a single objective:
To ensure the UK moves from exporting value to capturing it domestically.

Introduction

The Aluminium Federation (ALFED) represents the full UK aluminium value chain and exists to ensure the sector's role in the UK economy is properly understood, supported and strengthened.

Our mission is to ensure aluminium's critical role is fully recognised in policy, regulation and investment decision-making, while supporting a sector that is competitive, resilient and sustainable.

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1. Energy Competitiveness & Industrial Viability

Energy remains the defining constraint on UK aluminium competitiveness. Current cost structures mean that, in many cases, exporting material is more commercially viable than processing it domestically.

ALFED's position is that energy reform is foundational. Without a competitive industrial energy framework, the UK cannot retain material, attract investment or scale circular manufacturing.

This challenge is further compounded by wider structural competitiveness pressures, including raw material and import cost disparities versus international competitors. ALFED believes that industrial competitiveness measures, including the appropriate use and review of duty suspension mechanisms for strategically important aluminium inputs, should form part of a coordinated approach to supporting UK processing and manufacturing viability.

This is not only an economic issue, but a structural one. If unaddressed, it will continue to drive a shift away from domestic processing and towards external markets.



2. Circularity, Scrap Value & Domestic Retention

The UK has a mature and growing aluminium market with strong collection rates for recycled materials and significant potential to support circular industrial growth. However, over recent decades the sector has experienced substantial processing capacity shrinkage, including primary and secondary smelter closures and reductions in rolling and downstream manufacturing capability, largely driven by high operational and energy costs.

As a result, the UK now faces a growing strategic challenge around retaining and processing high-value aluminium materials domestically, despite increasing future demand across defence, transport, infrastructure, packaging, renewable energy and communications.

The strategic importance of aluminium, both as a primary material and as a highly valuable secondary raw material, must now be brought firmly into the spotlight within UK industrial policy. Retaining greater material value within the domestic economy presents a significant multi-billion-pound opportunity for UK plc through increased recycling, remelting, manufacturing growth, supply chain resilience and circular economic activity.

The immediate priority should therefore focus on strengthening UK competitiveness, improving scrap visibility and traceability, supporting investment into domestic processing and recycling capability, and creating commercially attractive conditions that encourage higher-value aluminium materials to remain within the UK economy and support long-term industrial growth. This should include exploring targeted “Buy British” and UK-market-first incentives that prioritise the use of domestically recycled and processed aluminium within UK manufacturing, infrastructure and public procurement supply chains, helping stimulate investment confidence and strengthen circular manufacturing capability.

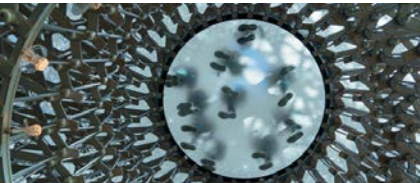
3. Midstream Capability & Industrial Growth

A key structural gap exists within the UK aluminium system between collection and end-use manufacturing.

Limited capacity in sorting, alloy processing, recycling infrastructure, rolling and finishing, means that material is often exported because it cannot be processed domestically at scale.

ALFED's position is that targeted support, including streamlined access to funding, for midstream capability is essential, particularly in areas such as advanced sorting, alloy development and processing to semi-finished product for UK manufacturers. This should be delivered through investment incentives, policy alignment and improved industrial competitiveness, rather than through intervention in trade flows.

The objective is to ensure that material remains in the UK because it is economically viable to do so, not because it is artificially restricted.



4. Trade, Carbon Policy & Market Alignment

The UK aluminium sector operates within a highly globalised and interconnected supply chain, making close alignment between trade, carbon and industrial policy critically important.

CBAM presents a significant challenge, particularly where divergence between UK and EU systems risks creating additional cost, compliance burdens and competitive imbalance for UK manufacturers operating across integrated European supply chains. Closer linkage between the UK ETS and EU ETS should remain a strategic priority, with long-term ambition focused on supporting reduced EU CBAM exposure for UK exports where sufficient alignment can be achieved.

ALFED's position is that carbon policy must support domestic manufacturing competitiveness, not unintentionally undermine it. This includes expansion of CBAM scope to include downstream and finished goods, ensuring UK producers are not disadvantaged relative to importers of completed products and preventing the offshoring of value-added manufacturing activity.

The Federation also supports continued alignment between UK and EU monitoring, reporting and verification frameworks wherever practical, avoiding unnecessary duplication of verification requirements, administrative burden and compliance costs for businesses operating across both jurisdictions.

4. Trade, Carbon Policy & Market Alignment

We continue to call for ongoing review of default emissions methodologies, particularly where single commodity-code default values risk failing to differentiate between high-carbon and lower-carbon production routes. Greater transparency, earlier publication of indicative default values and regular review of the scheme will be essential in allowing businesses to prepare effectively while ensuring the mechanism supports genuine decarbonisation objectives.

Alongside CBAM alignment, the UK should continue reviewing the role of tariff and duty suspension mechanisms to ensure UK aluminium manufacturers remain internationally competitive, particularly where strategically important raw materials, billet or semi-finished products are not available domestically in sufficient quantity or specification.

Greater clarity is also required regarding the future trajectory of free allocation and how wider industrial support mechanisms and potential CBAM revenues could be utilised to support decarbonisation investment, recycling infrastructure, low-carbon technologies and long-term domestic manufacturing resilience.

5. Supply Chain Resilience, Defence & Strategic Positioning

ALFED believes that aluminium must be recognised not only as a strategic material for net zero and advanced manufacturing, but also as a critical enabler of UK defence capability.

With aluminium now recognised as both a UK critical mineral and a NATO critical mineral, there is a clear need to ensure that the UK aluminium supply chain is actively considered within future defence procurement, funding and industrial capability programmes. A sovereign UK aluminium value chain is required to secure aluminium as a Defence critical material for the UK Defence sector.

Our position is that Government should support greater involvement of UK aluminium businesses in defence-related projects, including through clearer procurement pathways, targeted investment support and stronger engagement between the Ministry of Defence, prime contractors and the domestic aluminium value chain.

This would help ensure that UK defence investment strengthens domestic manufacturing capability, supports resilient material supply chains and enables aluminium producers, processors, casters, extruders, finishers and fabricators to contribute fully to national security and strategic industrial resilience.



6. The Role of ALFED Sector Groups and Trade Committee

ALFED's policy positions are grounded in evidence drawn directly from across the aluminium value chain, and this is made possible through the structured work of our Sector Groups and Committees.

Our Sector Groups, covering Extrusion, Recycling, Finishing and Distribution, sit at the operational core of the Federation. They provide a formal mechanism for members to share insight on production, market conditions, cost pressures, regulatory impact and trade exposure. This structured engagement enables ALFED to build an aggregated, anonymised and credible picture of the UK aluminium industry. This function is fundamental. Without robust sector-level data and real operational input, it is not possible to quantify the scale of UK aluminium processing, demonstrate the impact of policy decisions, or present a credible case for change.

Each Sector Group operates through regular meetings and feeds directly into ALFED governance, ensuring that policy positions are informed by real-world industry experience rather than theoretical assumptions. In practical terms, they ensure that the operational realities of the aluminium sector are reflected in national policy discussions. Alongside this, the ALFED Trade Committee provides a strategic forum for coordinating engagement on trade, carbon policy and market access. It translates sector-level intelligence into national advocacy, ensuring alignment across the industry and enabling a clear, consistent voice in Government engagement.

Together, the Sector Groups and Trade Committee create a structured, evidence-led model of representation that strengthens both the credibility and impact of ALFED's policy work.

Conclusion

ALFED's positions are clear. The UK aluminium sector has the material, the capability and the demand. The challenge is not one of potential, but of conditions.

The UK aluminium industry requires a stable and competitive policy framework that supports energy competitiveness, domestic processing capability, domestic investment and aligned trade measures. Without this stability and long-term policy certainty, there is a real risk of continued value leakage, declining investment confidence and further erosion of UK industrial capability.

With the right framework in place, aluminium presents a significant opportunity for industrial growth, supply chain resilience and net zero delivery. The UK must create the competitive conditions necessary to retain and process greater volumes of strategically valuable aluminium within the domestic economy, supporting circularity, manufacturing growth and long-term industrial resilience.

As global markets increasingly introduce measures to strengthen domestic material retention and industrial competitiveness, the UK should ensure it remains aligned and appropriately positioned to protect strategic value chains, encourage domestic investment and avoid material leakage that could undermine future UK capability.

ALFED will continue to work collaboratively with members, Government and wider stakeholders to help ensure these opportunities are realised.



The Voice of the UK
Aluminium Industry

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