

Effects of current corona crisis on aluminium industry

Aluminium industry expecting significant decline in production

Düsseldorf, 18 March 2020 – The coronavirus is also afflicting the aluminium industry in Germany. “The German aluminium industry is viewing current developments with great concern,” says Marius Baader, Executive Director of Gesamtverband der Aluminiumindustrie e. V. (GDA), Düsseldorf. Important customer sectors in Germany and Europe have already begun to stop or have significantly reduced production, while others have announced that they are planning to do so. The automotive sector in particular accounts for the aluminium industry’s base load.

Last year there was already a decline in the number of call-offs the aluminium-industry companies received, especially from the automotive and mechanical engineering sectors. The fall in demand was felt most severely by the manufacturers of extruded products: in Germany, their production was already about ten percent lower in 2019. Marius Baader says, “We are expecting further double-digit declines in the first quarter of 2020.” He adds that this momentum has intensified discernibly in recent weeks. “The health and safety of our employees is of paramount importance.” To ensure this, aluminium companies are currently in the process of reorganising their production schedules and personnel. The protective measures introduced have led to inefficiencies in production and have resulted in additional pressure on the profitability of the production facilities.

In this context, GDA welcomes the regulations that have already been adopted to make it easier to obtain compensation for short-time working. “This and the short-term provision of liquidity by KfW are important steps towards stabilising employment and the companies,” says Marius Baader. Quick and unbureaucratic measures are needed that contain the coronavirus but also ensure that companies survive the crisis. It is now important to give companies in the aluminium industry the greatest possible flexibility to keep their production going. Even during times like these, occupational health and safety is paramount. Nevertheless, under certain circumstances companies should be allowed to react flexibly to staff shortages. Section 14 of the German act covering working hours (Arbeitszeitgesetz) allows for deviations from the statutory limitation in special circumstances. The highly complex production facilities of GDA’s member companies cannot be switched on and off at short notice. Making it possible to deviate from the stipulated limits when necessary could protect the industry against enormous damage.

In addition, the free movement of goods within Europe is vital for the aluminium industry. “The free movement of goods must be maintained by all means because the supply chain of our industry is organised on the basis of a high degree of division of labour,” says Marius Baader. The financial crisis of 2008/2009 showed that the aluminium industry – just like other raw materials industries – needed considerably longer to return to pre-crisis levels. “Political action should take into account the special competitive situation of the aluminium industry vis-à-vis non-European market competitors and ensure that production facilities in Germany do not fall even further behind as a result of ill-considered measures.”

Background:

Gesamtverband der Aluminiumindustrie e. V. (GDA), Düsseldorf, represents the interests of aluminium producing and processing companies in Germany, an industry whose economic significance is reflected in annual sales of 21 billion euros, generated by 65,000 employees in 252 companies. Based on the production of the German aluminium industry, some 96 per cent of all aluminium companies are members of the association.

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