



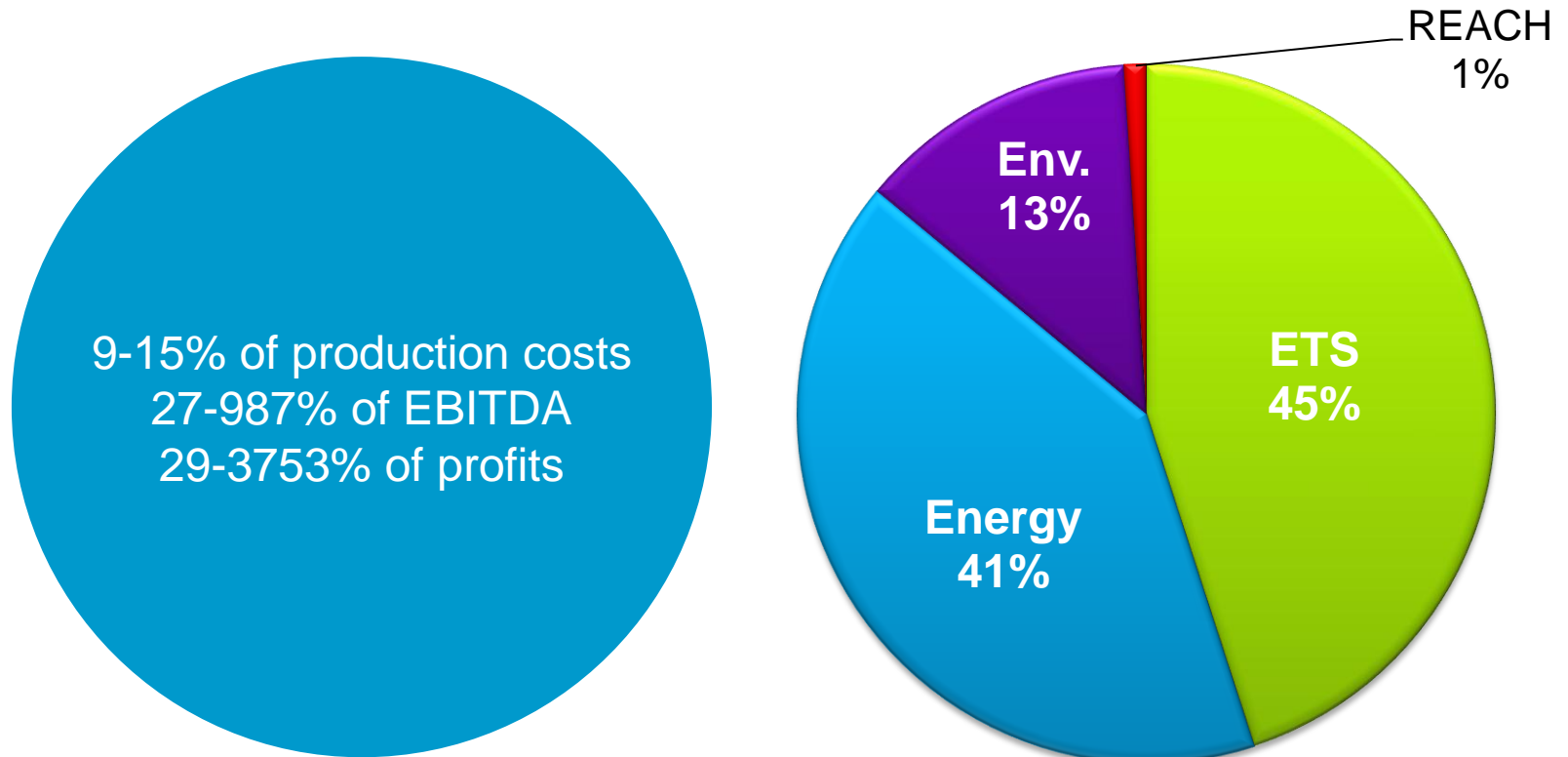
HYDRO

Carbon leakage - existing provisions and current discussions

Jan Peter Jebsen, Norsk Hydro
10 December 2013



EU regulatory costs for primary aluminium



Source: CEPS, Assessment of the Cumulative Cost Impact for the Aluminium Industry
(ETS pass-on rate: 0.8; 2002-2012 figures; sample of plants buying electricity on market)

Agenda for Action

Shortcomings of current EU policies

1. Long-term electricity market inadequate

- Regulatory risks (ETS, RES, etc.) weaken long term liquidity
- Electricity market facilitated for short term/peak load – not for long term/base-load industries

2. EU recognises ETS carbon leakage risk, but insufficient measures

- Indirect costs only partially compensated
- Based on historical production
- Member states discretion – annual budget

3. Unpredictable regulatory framework

- Uncertainty on present rules (CSCF, Backloading, leakage list, structural reforms, etc.)
- Policies beyond 2020?
- Conflict between state aid rules and prevention of carbon leakage

4. Commission working in silos

- Contradictory reports and statements
- Wrong facts, different methodologies
- Lack of understanding of industry's challenges

Upstream and downstream aluminium in jeopardy

EU imports increased to 51% - effects on carbon leakage, innovation, jobs, etc

Rio Tinto to close Lynemouth smelter

LONDON, March 6 | Tue Mar 6, 2012 5:48am EST

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ANALYSIS & OPINION

Glencore-Xstrata gatecrashers in short supply

Don't bet against Glencore antitrust roadblock

(Reuters) - Global miner Rio Tinto will close its Lynemouth aluminium smelter in the north of England at the end of March after a strategy review and consultation, it said on Tuesday, confirming an intention first announced in November.

Of the 515 people currently employed at the smelter, 323 will be made redundant in May.

Rio said talks on the sale of clarity from the UK [government](#)

Rio said it hopes to conclude

Alcoa to Curtail Operations in Italy, Spain

Written By [Jennifer Borton](#) / Published January 09, 2012 / [FOXBusiness](#)



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Hours before kicking off earnings season, [Alcoa](#) (AA: 9.42, +0.26, +2.89%) said on Monday it plans to scale down operations at three aluminum smelters in Italy and Spain to tighten expenses as metal prices continue to fall.

The curtailment will reduce the company's global smelting capacity by 12%, or 531,000 metric tons, with operations at its Portovesme, Italy, and La Coruna and Aviles, Spain, facilities impacted in the first half of 2012.

Alcoa plans to permanently close the facility in Portovesme, which has capacity of 150,000 metric tons, but just partially and temporarily shut the operations in Spain. The company said those plants are among the highest-cost producers in the Alcoa system.

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AA 9.42 The Pittsburgh-based company blamed the curtailments on an

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Telecom	+0.02%
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[Metalbulletin.com](#) / ARABAL 2013: Downstream growth will be priority for Middle East

ARABAL 2013: Downstream growth will be priority for Middle East

November 06, 2013 - 11:16 GMT

Location: Abu Dhabi

KEYWORDS: [UAE ministry](#), [arabal](#), [al Shahhi](#)

The lack of downstream aluminium businesses in the Middle East, relative to the huge growth in primary aluminium production, will be an important focus for the regional authorities in the coming years, according to a ministry official.



Aluminium – provider of CO2 reductions

Hydro aims for carbon neutrality by 2020



Emissions



Use phase benefits



Recycling



