

European aluminium industry needs additional instruments to address harmful effects of Chinese subsidies

Brussels, 17 June 2020 – European Aluminium calls upon the European Commission to effectively address the distortive effects of foreign subsidies in the EU single market and help create a level playing field for the aluminium industry in Europe. The White Paper on an Instrument on Foreign Subsidies proposed today is a step in this direction, but its ambitions must be urgently translated into effective measures. The European aluminium industry is buckling under the pressure of subsidised excess capacity from China.

“A new instrument on foreign subsidies is long overdue to complement existing trade tools such as the EU Foreign Direct Investment screening mechanism and trade defence instruments. The EU’s current trade toolbox is far from adequate to defend European industries against the aggressive approach of global powers such as China. The EU needs a more ambitious trade policy to level the global playing field, facilitate supply chain diversification within the EU, and reinforce our defence against unfair trade practices,” says Gerd Götz, Director General at European Aluminium.

The European aluminium industry is under pressure from unfairly subsidised Chinese aluminium leading to excess capacity and a growing influx of underpriced Chinese exports. These exports also have a high carbon footprint, threatening the competitiveness of European producers and Europe’s sustainability ambitions.

“The White Paper suggests measures which go in the right direction, but their effectiveness will depend on the EU Commission’s services dedicating enough resources so that these measures can be implemented at the beginning of next year. The aluminium industry cannot afford to wait much longer,” continues Götz.

The OECD report [“Measuring distortions in international markets: The aluminium value chain”](#) highlights how non-market forces were responsible for some of the recent increases in aluminium smelting capacity, with detrimental impacts throughout the value chain. The report indicates that global aluminium companies have received up to USD 70 billion in different forms of support over the 2013-2017 period, with 85% of the documented subsidies going to just five Chinese firms. State support has allowed Chinese producers to rapidly increase their production and export subsidised products at dumped prices, leading to global market distortions and depressed global aluminium prices. Today, China produces 57% of worldwide primary aluminium compared to only 11% in 2004.

Chinese companies are supplying the European market at dumped price and have acquired EU aluminium producers. This entry into the EU market is likely backed by state subsidies due to the magnitude of state interference in the Chinese aluminium industry and the decision to recognise aluminium as a strategic value chain.

“The COVID-19 crisis has highlighted the importance of reinforcing Europe’s strategic autonomy in essential materials such as aluminium by strengthening trade defence instruments against unfair global competition. Global competition, especially from China, will ramp-up fiercely in the post-COVID-19 world. The Chinese aluminium industry has already built up massive volumes and is capable of entirely replacing the European aluminium industry if the EU does not act assertively,” Götz concludes.

About European Aluminium:

European Aluminium, founded in 1981 and based in Brussels, is the voice of the aluminium industry in Europe. We actively engage with decision makers and the wider stakeholder community to promote the outstanding properties of aluminium, secure growth and optimise the contribution our metal can make to meeting Europe's sustainability challenges. Through environmental and technical expertise, economic and statistical analysis, scientific research, education and sharing of best practices, public affairs and communication activities, European Aluminium promotes the use of aluminium as a material with permanent properties that is part of the solution to achieving sustainable goals, while maintaining and improving the image of the industry, of the material and of its applications among their stakeholders. Our 80+ members include primary aluminium producers; downstream manufacturers of extruded, rolled and cast aluminium; producers of recycled aluminium and national aluminium associations are representing more than 600 plants in 30 European countries. Aluminium products are used in a wide range of markets, including automotive, transport, high-tech engineering, building, construction and packaging.

For further information, please contact: communications@european-aluminium.eu, +32 2 775 63 63