

European Aluminium welcomes EU and US discussions on aluminium excess capacity

Brussels, 17 May 2021 – European Aluminium welcomes the news that the EU and US have agreed to enter into discussions on the mutual resolution of aluminum excess capacity and the deployment of effective solutions. The industry association calls on the US and EU to eliminate the trade barriers between the two regions and show leadership in modernising multilateral trade rules.

“We welcome the news that the EU and US are entering discussions to chart a path that ends the WTO disputes following the implementation of the Section 232 tariffs. We hope the two parties will eventually eliminate unilateral measures and not introduce new ones that inevitably hinder free and fair trade between our strongly interlinked transatlantic value chains. Rather than slapping tariffs on each other, the US and EU should work together to address the root cause of the challenges faced by the aluminium industries on both sides of the Atlantic, namely the growing subsidised excess capacity of aluminium in China,” says Gerd Götz, Director General of European Aluminium.

China has been building up excess capacity of aluminium for years and this, combined with China’s lower internal demand for aluminium, has flooded the world market with cheap, carbon-intensive aluminium

China’s lavish government support in the form of financial and energy subsidies is at the heart of its increasing excess capacity. An [OECD report](#) released last week shows that below-market finance has been found to play a major role in favouring certain aluminium producers, the vast majority being Chinese. The OECD estimates the value of China’s support to have ranged between 4% and 7% of the annual revenue of these firms. This is in stark contrast to non-Chinese firms in the sample, which received support in the vicinity of 0.2% of their annual revenue.

“The OECD findings underscore the need for better rules governing below-market finance and government support more generally. The current WTO rules fail to discipline China’s trade distorting government support and state ownership in industrial sectors like aluminium. The EU, US and fellow G7 members should take concrete steps to level the playing field during the G7 summit in June,” concludes Götz.

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.