

To: Ursula von der Leyen, President of the European Commission
Executive Vice President Stéphane Séjourné, in charge of Prosperity and Industrial Strategy
Commissioner Jessika Roswall, in charge of Environment, Water Resilience and a Competitive Circular Economy
Commissioner Maroš Šefčovič, in charge of Trade and Economic Security, Interinstitutional Relations and Transparency

Brussels, 19 December 2024

Object: Urgent actions needed to tackle scrap leakage in Europe

Honourable President von der Leyen,
Honourable Executive Vice President Séjourné,
Honourable Commissioner Roswall,
Honourable Commissioner Šefčovič,

European Aluminium and EUROFER, the associations representing the entire aluminium and steel value chains in Europe, have joined forces to call upon the European Commission **to take immediate and effective measures to tackle scrap leakage in Europe.**

As essential materials for a wide range of clean energy applications, such as wind turbines, solar panels, batteries, and electricity grids, steel and aluminium are of key importance for the EU green transition. Furthermore, due to their pivotal role in the digital, aerospace and defence sectors, they actively contribute to the EU's strategic autonomy and resilience.

Enhancing aluminium and steel recycling is crucial not only for their value chain's decarbonisation but also for achieving the EU's circular economy objectives. Recycling can save up to 95% and 80% of the energy required for primary aluminium and steel production, respectively. Aluminium and ferrous scrap are strategic secondary raw materials for the EU economy and instrumentals for EU goals. We believe that the importance of their roles could be highlighted and utilised in the upcoming Circular Economy Act as well.

However, the volume of scrap that could and should be recycled in Europe is drastically diminishing due to increasing scrap exports. Ferrous scrap exports have more than doubled over the last few years, rising from 9.14 million tonnes in 2015 to 18.92 million tonnes in 2023, reaching its maximum of 19.43 million tonnes in 2021. European aluminium scrap exports have reached roughly 1 million tonnes of annual exports over the last years, peaking at 1.2 million tonnes in 2023. A new record is expected to be set by the end of 2024, with aluminium scrap exports expected to exceed 1.3 million tonnes.¹

Retaining the volume of ferrous scrap exported in 2023 within EU boundaries would **contribute to the EU's green transition and energy security** as the first industrial-scale decarbonisation projects begin operating (by 2026). By doing so, we could save 32 million tCO₂ equivalents and 87 TWh (314 PJ) of primary energy. This is equivalent to 35–40 TWh of electricity delivered, representing about 1.5% of the EU's total electricity consumption in 2023, or more than the total electricity consumption of countries such as Denmark or Slovakia. For aluminium scrap, around 75% of this valuable resource is exported to countries such as India, Thailand, Malaysia and China. This is equivalent to the export of 49 TWh of energy i.e. the electricity demand of a country like Hungary.

¹ <https://ec.europa.eu/eurostat>

Among the main reasons for scrap leakage is the higher prices paid by third countries' recyclers, who value scrap as a vital resource to boost their recycling production while lowering carbon emissions and costs. These countries are heavily investing to increase their recycling capacities – often by using money coming from subsidies – and this creates additional unfair market competition and overcapacities to the detriment of European competitiveness. For example, Chinese recycling capacity surged from 8 to 21 million tonnes for aluminium with further increases projected in the coming years.² China will increase ferrous scrap recycling capacity from 249 million tonnes in 2023 by an additional 26 million tonnes by 2030³. On top of that, the ability to recycle in these third countries is enhanced by their lower environmental, safety, and labour standards and lower energy costs.

Scrap exports are, in essence, **exports of energy and valuable raw materials** in a continent starved for both. To tackle this vital challenge, we urge the European Commission to:

- Consider the **reciprocal approach suggested** in the **Draghi report**, which consists of adopting measures to limit **the export of scrap to those third countries that have imposed export restrictions** on their critical raw materials.⁴
- Make use of the recently adopted **Foreign Subsidies Regulation**, in particular the open-ended set of remedies that this regulation foresees.
- Leverage existing **EU legislation** to its full extent: building on the **Waste Shipment Regulation** and the **Critical Raw Materials Act** to enforce a stricter regime for scrap exports and better monitor their flows. Additionally, we advise swiftly revising **the End-of-life Vehicles Directive** to reduce illegal exports of end-of-life vehicles and increase scrap supply.

Scrap leakage creates a missed opportunity for Europe's decarbonisation, strategic autonomy and competitiveness ambitions. Reversing this trend would also help incentivise European investments and recycling. We call on the Commission to welcome our requests and enable our companies to scale up their recycling capacity and production and advance in their decarbonisation efforts.

Failing to act would severely jeopardise our sectors and their future in Europe. Amidst escalating geopolitical tensions, **Europe cannot afford to lose its industrial backbone.** We urge the Commission to take prompt action to prevent severe consequences for European competitiveness, resilience and security.

Sincerely,

Paul Voss, Director General, European Aluminium

Axel Eggert, Director General, EUROFER



² European Aluminium analysis based on market intelligence data.

³ European Steel Association elaboration using [OECD data](#) and [China scrap related data](#).

⁴ Draghi report - [The future of European competitiveness, part B In-depth analysis and recommendations](#).