EUROPEAN ALUMINIUM ASKS FOR AN EFFECTIVE TRADE POLICY TO PROTECT THE EUROPEAN ALUMINIUM INDUSTRY

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Position Paper

European Aluminium, the association representing the entire aluminium value chain in Europe, calls on the EU institutions to adopt decisive trade measures to ensure the viability of the European aluminium sector, an essential industry to **European economic security, competitiveness and resilience**.

As a key input for a wide range of green and digital technologies, such as solar panels, wind turbines, electric wires and batteries, aluminium has been recognised as a **strategic and critical raw material** for the European twin transition. In December 2023, NATO also ranked aluminium as **the first among critical raw materials due to its central role in military and defence applications**. The European aluminium industry, however, is under growing strain from global market disruptions, including US tariffs, Chinese overcapacity, scrap leakage and highly uncompetitive energy prices. Additionally, as a hard-to-abate sector, achieving our decarbonisation objectives will require significant and sustained investments. Bold policy actions are therefore essential to ensure the viability of the aluminium industry in Europe.

This paper aims to shed light on our primary trade concerns and propose actionable measures to protect a critical sector for the European future. These include:

1. **Adopt a more assertive trade defence policy to counter unfair market practices from China and other countries.**
2. **Implement an effective trade measure to ensure the availability of aluminium scrap in Europe.**
3. **Prevent tariff liberalisation on aluminium, relaxation of Rules of Origin and exemptions from EU environmental and sustainability legislation in the EU FTAs negotiations, particularly with aluminium-rich countries.**
4. **Close all CBAM loopholes to level the playing field and prevent circumvention, and deliver an effective Temporary Decarbonisation Fund.**
5. **Adopt an effective indirect ban on aluminium imports from Russia.**

1. Adopt a more assertive trade defence policy to counter unfair market practices from China and other countries

The rise of non-market capacities presents an existential threat to the European aluminium industry. Although China is the main driver of this trend, several other countries raise comparable concerns across different aluminium segments (primary, semi-fabricated products, recycling).

In the aluminium value chain, excess capacity is primarily driven by unfair market practices, including subsidies. State-owned enterprises, which dominate these non-market economies, benefit from **below-market financing, tax breaks, and subsidised energy**, allowing them to increase production far beyond market demand. According to the OECD, between 2005 and 2023, aluminium ranked third among sectors receiving the highest subsidies relative to revenue; between 2020 and 2023, it experienced the second-largest subsidy-to-revenue increase, after solar cells[1].

Our most significant concern remains China. Decades of subsidies and preferential energy pricing have fuelled a large expansion of China's primary aluminium capacity, which soon spilt over into massive production and exports of semi-finished (e.g., extrusions, sheets) and finished products (e.g., electric vehicles, wind turbines) containing aluminium. This pattern persists, with large-scale Chinese investments in recycling, fuelling the consequent phenomenon of scrap leakage[2]. The Chinese case demonstrates how state-driven aluminium overcapacity can cascade throughout the value chain, distorting global competition and undermining sustainable industrial development elsewhere.
Today, China's non-market excess capacity accounts for 17 million tonnes in primary and recycling aluminium and 20 million tonnes in semi-fabrication, representing up to three times total EU demand[3].

Meanwhile, other regions are rapidly increasing their capacity, often starting with the upstream part (as China did a few years ago).
For instance, **India**, currently the second-largest primary aluminium producer after China, plans to raise capacity from 4.4 to 12 million tonnes by 2030 and 37 million tonnes by 2047[4], relying heavily on coal-based smelting with emissions exceeding 20 kg CO_2 per kg Al. **India is positioning the aluminium industry at the heart of its future economic and industrial strategy via its 2025 Aluminium Vision Plan[5].**
According to the government, this growth will be underpinned by rising domestic demand **as well as export-oriented strategies designed to raise India's share of global aluminium trade to 10%.**
Similar patterns can be found **in other Asian countries** *(e.g. Indonesia, Malaysia often related to Chinese investments),* **but also in the in the Gulf countries**[6]. Finally, in some countries, such as Turkey, the focus is rather on semi-finished production due to the attractiveness and geographical proximity of the European market. **For instance, the Turkish extrusions market share of EU imports increased from 25% to 51% between 2019 and 2024.**

Today, after the reimposition of US Section 232 tariffs, Europe is more than ever one of the few remaining attractive and open markets worldwide. As a result, our market is under pressure from **higher volumes and unsustainably low-priced imports**, which distort competition and severely undermine European companies' ability to compete in their domestic market. This situation is likely to accelerate in the future without additional industry protection.

Our asks

While EU anti-dumping duties on Chinese extrusions and flat-rolled products have mitigated some pressure, their scope is limited to a few products. Existing trade defence tools remain fragmented, slow, and insufficient to address Chinese overcapacity. Moreover, for most of the countries mentioned above, trade defence tools like anti-dumping and anti-subsidies have been proven complex to implement[7] based on experience from other sectors[8].

[1] OECD (2025), The state of play of industrial subsidies as of 2023 (EN)
[2] E.g. massive exports of aluminium from third countries (including EU) to Asia (especially China and India).
[3] EA analysis based on market intelligence data.
[4] Release of the Aluminium Vision Document, Indian Ministry of Mines.
[5] See footnote 4.
[6] 2025-11-14_EA_FTAs_position_paper.pdf
[7] E.g. difficulties for European producers to access intelligence on the domestic market of the exporters (burden of proof is at the expense of the European producers).
[8] Fourth+AEGIS+TDI+Report.pdf.

To ensure a level playing field, European Aluminium calls on the European Commission to:

1. **Establish a dedicated instrument to address structural overcapacity and unfair market practices affecting the European aluminium industry.** This would fully align with the Commission's intention to consider new trade protective measures, as set out in the recently published Economic Security Package.
2. **Enhance flexibility and enforcement of trade defence instruments** (e.g., more ex officio and threat of injury cases, higher dumping and injury margins, removal of the lesser duty rule, improving anti-circumvention provisions, reducing requirements for expiry reviews, etc.).
3. **Increase resources for DG TRADE** to fully deploy the EU trade defence toolbox.

2. Implement an effective trade measure to ensure the availability of aluminium scrap in Europe

Recycling aluminium only requires 5% of the energy needed to produce primary aluminium, playing a crucial role in simultaneously lowering our environmental footprint and production costs while increasing Europe's economic resilience and strategic autonomy.
However, our ambitions are significantly hindered by the increasing exports of European scrap, a crucial raw material for recycling.
In recent years, European aluminium scrap exports have reached roughly 1 million tonnes annually, peaking at 1.2 million tonnes in 2024.[9] **Traditionally, the main export destinations are India, China, Thailand and Pakistan.** Due to lower sustainability, labour and safety standards, and frequent state subsidies, companies in those countries operate at significantly lower production costs than European aluminium recyclers. This **uneven playing field enables purchasers to offer higher prices for European scrap**, which European producers are structurally unable to match under fair market conditions.

The imposition of US Section 232 tariffs has severely exacerbated the situation, triggering an additional pull of scrap to the United States. The exclusion of aluminium scrap (HS 7602) from the Section 232 scope opened an arbitrage window[10] that incentivises exports to the US, **rendering it a further, unfairly advantageous destination**.[11] In Q1 2025 alone, exports to the U.S. soared by 273% compared to the same period in the previous year.

The situation is not expected to improve. Market conditions are tightening: aluminium scrap prices have climbed to **94% of primary aluminium** on the London Metal Exchange (LME), while projections indicate that **EU net scrap exports could reach 2 million tonnes by 2030** - almost four times current levels.

Our Asks

European Aluminium urges the European Commission to address this vital issue as soon as possible. This is not a matter of protectionism, but **rather an effort to address distortions arising from unfair trade policies imposed by third countries.**
We warmly welcome Commissioner **Šefčovič's announcement** launching the preparatory work on a measure to curb aluminium scrap exports by Spring 2026 and the publication of the relevant **public consultation** by the European Commission.

[9] https://ec.europa.eu/eurostat.
[10] Aluminium scrap is included in the US reciprocal tariffs (currently at 15%), while is excluded from the 232 tariffs. In contrast, primary aluminium falls within the US 232 tariffs scope. As scrap prices are linked to the Primary Ingot Price, this creates a significant profit incentive (arbitrage gap) for traders to export scrap to the U.S. rather than sell it within Europe.
[11] In March 2025, US imports of scrap increased by 55% vs March 2024; in April 2025, they indicated a 29% increase vs April 2024 (Source: US customs data).

To ensure a smooth and fully functional scrap market, **we urge the introduction of an export duty on all aluminium scrap (CN 7602), applicable erga omnes,** i.e. to all third-country destinations, with the exception of the EEA, Switzerland and the UK. Based on market intelligence analysis, an export fee of **at least 30% is required to restore a level playing field** for the EU aluminium recycling industry.
Should an export duty not be implemented, European Aluminium calls for the adoption of tariff rate quotas (TRQs), if they are designed with strict safeguards. TRQs are inherently more rigid, uncertain and administratively complex than export duties and carry a high risk of unintended market distortions. They should therefore remain **a fallback instrument** only.
Any measure should be designed and administered at the EU level to preserve the **integrity of the Single Market,** avoid fragmentation across Member States, and take due account of the EU's economic relationships with **EEA, EFTA, and UK partners.**

We stand ready to engage constructively with the EU institutions to ensure that this measure is both effective and workable. Securing sufficient aluminium scrap supply within Europe is not only vital for the long-term viability of the European aluminium industry but also essential to delivering the EU's broader competitiveness, climate, and security objectives.

3. Prevent tariff liberalisation on aluminium, relaxation of RoO and exemptions from environmental and social legislation when negotiating FTAs, particularly with aluminium-rich countries

The European aluminium industry supports the general objective of **Free Trade Agreements (FTAs)** to reduce trade barriers, notably tariffs. However, the recently concluded FTA with Indonesia and ongoing negotiations with **India, the UAE, and Malaysia** risk undermining our industry's competitiveness and aggravating the ongoing **deindustrialisation** in Europe.

Our concerns stem from several factors:

- India, Indonesia, UAE and Malaysia account for a combined primary production of **9 million tonnes of primary aluminium (vs 1.2 million tonnes in the EU-27**) with a projected increase of at least **21% by 2030**.
- Their industrial strategy, underpinned by government support, focuses on boosting aluminium production and its export.[12]
- Production in all four countries relies heavily on **coal and gas**, resulting in carbon footprints **two to three times higher** than European levels.[13]
- Weak enforcement of **labour, social and environmental standards** poses significant ethical and sustainability concerns.[14]

[12] For example, India's Aluminium Vision 2025, aligned with the broader Viksit Bharat 2047 agenda, places aluminium at the core of the country's long-term economic and industrial strategy. Similarly, Malaysia, through the Sarawak Corridor of Renewable Energy (SCORE), has designated aluminium and aluminium-based industries among the 12 priority sectors underpinning its ambition to achieve high-income status by 2030.
[13] ~20 kgCO2/kg for coal-based production (e.g. India), ~10 to 12 kgCO2/kg for natural gas-based production (e.g. UAE) versus an average of around ~7 kgCO2/kg for Europe (Source: EA Environmental Profile Report).
[14] International Trade Union Confederation, 2025 ITUC GLOBAL RIGHTS INDEX.

By concluding FTAs with these countries without adopting a **sectoral approach**, the EU risks accelerating the aluminium industry's deindustrialisation in Europe, increasing its import dependency,[15] and undermining its green and circular economy ambitions.[16]

Our Asks

European Aluminium calls on the European Commission, Council, and Parliament to:

1. Adopt a **sectoral approach** in FTAs negotiations with abundant aluminium-producing countries. This entails excluding **aluminium products (Chapter 76) from any tariff liberalisation**.
2. Enforce **strict implementation of Rules of Origin (RoO),** following the rules prescribed in the PEM Convention.[17]
3. **Conduct complete economic impact assessments** of current and future trade agreements on the EU aluminium industry.
4. **Refrain from granting any exemptions from CBAM** and broader EU environmental and sustainability legislation.

4. Close all CBAM loopholes to level the playing field and prevent circumvention, and deliver an effective Temporary Decarbonisation Fund

The Carbon Border Adjustment Mechanism (CBAM) in its current design will undermine the overall competitiveness of the European aluminium industry, an electro-intensive and circular industry operating as a price taker in a highly competitive global market. It will raise aluminium prices in Europe while European producers simultaneously lose free EU ETS allocation and face rising raw material costs across the value chain due to the increased market premium affecting the metal sold in Europe.[18]

To improve its functioning, it is critical to:

1. Tackle circumvention risks, which are mainly linked to:

- **CBAM avoidance by leveraging scrap as a precursor:** In the absence of a single default value for all unwrought aluminium, scrap remains a major loophole in the CBAM. Exporters can reduce their CBAM liability by using or claiming scrap content, thereby gaining an unfair advantage over the whole European aluminium value chain, which bears the ETS and CBAM costs. This risk is particularly acute given the difficulties in verifying scrap content in products and the strong financial incentive created when remelted scrap content is assigned a zero-carbon value.
- **The impact of CBAM on the regional premium in Europe:** European consumers of primary aluminium, which pay for scrap based on the European aluminium prices (scrap is valued as a substitute for prime), will face an increased cost, given that on the European market, aluminium prices are based on LME + regional premium (ECDP) and thus include carbon costs. Installations exporting their goods to Europe will not pay the higher metal premium, as they can source their metal elsewhere.
  Evidence of this very likely scenario has been documented in a recent study conducted by Ramboll for European Aluminium.
- **Resource shuffling:** exporters can circumvent CBAM by sending low-carbon aluminium to Europe while directing more carbon-intensive production elsewhere.

[15] Currently, Europe already relies on imports for roughly 50% of its aluminium needs (EA data analysis).
[16] I.e., by offering free access to imports with higher embedded emissions and preferring to import more primary materials rather than retaining our scrap to recycle.
[17] See Pan-Euro-Mediterranean Convention (PEM).
[18] Differently from the upstream sector, not all transformation and recycling installations are subject to ETS.

Our Asks

We welcome the **Commission's increased focus on preventing circumvention** in the CBAM review proposal.[19] However, further refinement is necessary.
While the risks associated with scrap misclassification are acknowledged, **an exclusive focus on pre-consumer scrap as a precursor leaves loopholes unaddressed.** This approach would not prevent the possibility of avoiding the CBAM charge. Aluminium producers in third countries could simply use or claim the content of post-consumer scrap instead to reduce their CBAM cost. The downstream European transformation and recycling industry, on the other hand, will continue to face the full implied carbon costs of CBAM and EU ETS due to the very close correlation between the price of primary and secondary aluminium in Europe. This would undermine both the environmental integrity of the mechanism and the level playing field for European producers.

We therefore strongly reiterate our call for a single default value for unwrought aluminium, whether imported as a standalone product or as a precursor within more complex CBAM goods. Alternatively, at the very least, we urge not to introduce a distinction between pre- and post-consumer but rather apply a default value to all aluminium scrap used in CBAM goods. This value should be set at the same level as the average emission intensity of primary aluminium production in the declared country of origin.

2. Deliver an effective Temporary Decarbonisation Fund to provide relief to EU exporters

EU producers export between 10% and 15% of their output annually (around 2.2 million tonnes of production, with a value of €7.5 billion), mainly semi-finished products. CBAM attempts to level the playing field for importers to the EU, but does not compensate EU producers who export to other countries. EU exporters currently **compete in export markets with operators who bear neither the ETS costs nor the metal input cost increases that European producers will experience due to CBAM**. The **Commission's proposal for a Regulation (COM/2025/990)** establishing a **Temporary Decarbonisation Fund** is a first step in the right direction, but still leaves half of the European Aluminium value exposed to the risk of carbon leakage on export markets.

Our Asks

European Aluminium welcomes the Commission's intent to **support the decarbonisation of energy-intensive industries with the new Temporary Decarbonisation fund**. However, in its current design, it presents significant challenges that will weaken the competitiveness of the European Aluminium value chain, especially those affected by the rising metal input costs reflected in the London Metals Exchange (LME) price and the European Duty Paid Premium (EDPP).

Therefore, this new fund should urgently be adjusted to:

- **Compensate for the increase in raw material costs** resulting from CBAM's effect on the European aluminium market, in addition to costs linked to the phase-out of free allocation, with compensation **starting in 2026 and extending beyond 2029** to align with actual exposure.
- **Be eligible for installations not covered by the EU ETS by** amending 'and' to 'or' in Article 2(b).

[19] REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2023/956 as regards the extension of its scope to downstream goods and anti-circumvention measures (COM (2025)989 final).

- **Expand the list of eligible goods** to cover the majority of the most exported aluminium products by including aluminium bars, rods, and profiles (CN code 7604), unwrought aluminium (7601), and aluminium structures (CN code 7610) as well as aluminium plates, sheets, and strip, (CN Code 7606) and foil (CN Code 7607) in their entirety. If not, the opt-in mechanism should be amended to allow these goods to be added on a case-by-case basis. To this end, the high carbon-leakage risk should be recognised as an independent eligibility requirement, alongside the low-value-to-weight requirement (Article 6 and Recital 12). To the same end, the expected increase of input raw materials should be recognised under the definition of high carbon-leakage risk in the upcoming delegated act.[20]

3. Further expanding the product scope

The proposed scope expansion is a long-standing request from the aluminium industry and a necessary development, notably through the inclusion of certain automotive components as well as wires and cables.
While the new Commission proposal includes some aluminium trade codes, we note that many relevant aluminium CN codes remain outside the scope for the moment. [21]

Our Asks

It is critical to **further expand the list of products included in the CBAM scope** by including more aluminium CN codes.

5. Adopt an effective indirect ban on aluminium imports from Russia

On 24 February 2025, the European Union imposed a full ban on imports of Russian primary aluminium as part of the 16th Sanctions Package towards Russia.[22] The package expanded existing restrictions on Russian aluminium imports, including new sanctions on key aluminium product categories, such as ingots, slabs, and billets, under the trade code HS 7601.

The EU's direct phase-out measures have already contributed to a significant reduction in Russian revenues derived from aluminium products.[23] As a result, Russia currently accounts for only 6% of EU imports of aluminium ingots, with remaining volumes expected to disappear entirely by February 2026, following the full implementation of the direct ban.

However, while the EU's measures have effectively reduced direct imports (and related revenues), **they have not prevented Russia from redirecting its aluminium exports to third countries, such as Turkey**, China and South Korea.

As a consequence, **Russian aluminium continues to enter the EU indirectly** (and being financed accordingly), embedded in **semi-finished aluminium products** such as extrusions, sheets, and foil, **especially from Türkiye,** the EU's largest supplier of aluminium semi-finished products.[24]

[20] This would allow other exported goods to be eligible for the fund on a case-by-case basis (e.g., CN Codes 7604, 7601, and 7610).
[21] See footnote 19.
[22] To allow the industry to adjust, a quota mechanism was introduced, allowing 80% of EU imports in 2024 to be used over a 12-month period.
[23] Between 2024 and 2021, EU imports of Russian aluminium products (HS 76) decreased by 70%, i.e. from € 2.8 billion to €0.8 billion. The latest data up to September 2025 indicate a further decrease of 7%.
[24] Turkey accounts for approximately 30% of EU imports. At the same time, it sources around 20% of its aluminium ingots from Russia. Latest trade data indicate that Turkish imports of Russian aluminium products (HS 76) increased by 5% in value in

Furthermore, Russian aluminium ingots are systematically sold to third countries at **discounted prices**.[25] This price advantage enables third countries' producers to place lower-priced semi-finished products on the EU market, **undermining the effectiveness of EU sanctions and causing material harm to EU domestic producers.**

Our Asks

To effectively close the back door through which Russian aluminium enters the EU market via semi-finished products, the EU should introduce:

- **An indirect ban on aluminium products incorporating Russian primary aluminium**.
- **Mandatory smelt and cast reporting requirements**, including:
    - identification of the first- and second-largest countries of smelt.
    - the last country of cast.

Adopting this approach would strengthen the **coherence and credibility** of EU restrictive measures and ensure that sanctions are **effective in practice and not neutralised through indirect trade flows**.

Conclusions

The European aluminium industry is under unprecedented strain.
The challenges outlined above are severely eroding our competitiveness, leading to capacity reductions, production curtailments, financial losses, cancelled investments, workforce cuts, and bankruptcies in the most severe cases.

Continuing on this path, Europe risks a full-scale deindustrialisation of the aluminium sector. Losing the ability to produce aluminium domestically would increase European import dependency on regions with lower environmental, social, and governance standards, directly contradicting Europe's economic security strategy as well as climate and sustainability objectives.

Europe cannot afford to lose this strategic industry. We are encouraged to see the European Commission's intention to tackle the ongoing industrial crisis. Yet, as President von der Leyen underlined, today's challenges are even greater than a year ago. To adequately address them, we need urgent and decisive action. Therefore, European Aluminium urges EU policymakers to provide the necessary support to prevent our sector from vanishing in Europe.

European Aluminium remains fully committed to engaging constructively with EU institutions to address these challenges and ensure a resilient future for the European industrial ecosystem as a whole.

October 2025 (i.e. January-October 2025 compared to January-October 2024). In recent years, Türkiye has also significantly increased its imports of value-added ingots (e.g. billets) from Russia. Latest Turkish trade data indicate a 22% increase in imports of alloyed aluminium ingots (HS 7601 20) from Russia in October 2025 YTD (i.e. Jan to Oct 2025 vs Jan to Oct 2024) alone.

[25] For example, the price gap between EU and Turkish imports of aluminium billets (HS 7601 20 40) from Russia currently stands at 12%, equivalent to approximately € 316 per tonne.