

# G20 conclusions on excess capacity welcome, but not sufficient

**Brussels, 8 July 2017 – Today in Germany, G20 leaders called for the removal of market-distorting subsidies and committed to work together to address global excess capacity in industrial sectors. Chinese overcapacity causes global distortions in the aluminium industry and international trade flows. However, contrary to the G7 communiqué a few weeks ago, the G20 conclusions did not specifically recognise this threat.**

*“We welcome G20 conclusions for recognizing the negative impacts that excess capacity has on production, trade and workers and for calling for the removal of market-distorting subsidies. It is indeed critical that governments recognise, negotiate and look for solutions together. Nevertheless, we regret that the Summit failed to specifically address the problem of global excess capacity in the aluminium industry”,* said Gerd Götz, Director General of European Aluminium.

*“The commitment to take necessary actions that foster a truly level playing field should have included the creation of a Global Forum on aluminium excess capacity. A dedicated platform would increase transparent information sharing and cooperation, in order to re-establish fair trade conditions for the global aluminium industry. As the G20 represents more than 80% of all primary production and an even greater proportion of the world’s semi-fabrication this group remains the appropriate configuration to address this issue”,* Götz added.

In 2000, China supplied 10% (2.4 million tonnes) of the world’s primary aluminium. Today, Chinese manufacturers have increased their output to around 32 million tonnes, representing 54% of all aluminium produced globally. Aluminium is widely recognised as a strategic material, with growing demand worldwide. However, while Chinese own consumption is flattening, aluminium overcapacity is becoming significant at global level: today Chinese primary overcapacity is five times EU production. In other countries, structural overcapacities are corrected, idled or closed by market forces. Instead, this increase is linked with interventions by Chinese authorities in their aluminium industry. This situation significantly distorts international trade flows and undermines the global price setting of aluminium.

If aluminium overcapacity continues to increase, it would put the entire European value chain under enormous pressure, putting thousands of jobs and investments at serious risk. In addition, environmental issues will also arise. If Chinese production further substitutes production in Europe (which has today one of the lowest carbon footprint in the world), GHG emissions would dramatically increase, contradicting the climate commitments agreed at COP-21.

A recent public hearing in Washington DC confirmed the global imbalances in the aluminium industry. European Aluminium was one of many speakers to [testify](#) that Chinese aluminium excess capacity is the root cause of the challenges faced by the aluminium industries [in North America and in Europe](#). Earlier this year the European, American, Brazilian and Canadian aluminium associations published a joint letter calling for the creation of a Global Forum on aluminium excess capacity. [Read it here](#).

## 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. 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.