

## US tariff-rate quotas on aluminium create additional market instability

**Brussels, 2 November 2021 – European Aluminium, the voice of the aluminium industry, believes that the tariff-rate quotas, which will replace the existing 10 percent tariff on EU aluminium products under Section 232, will result in even more trade distortions. The association warns it will create additional market instability for aluminium companies on both sides of the Atlantic.**

*“It seems the EU and US administrations assumed that trade policies that work for steel will work equally well for aluminium without taking into account our industry’s specificities and our continued opposition against tariff-rate quotas. Replacing the Section 232 tariffs with another trade-distorting measure is a lose-lose situation for the aluminium industry and their downstream customers on both sides of the Atlantic. The quota system will only create a two-tier price system and additional unpredictability. Metal traders will use this to their advantage to manipulate aluminium prices at the expense of aluminium producers and manufacturers. We’re also extremely disappointed the quotas are based on historical volumes from 2018-2019, rather than a future-proof quota system which takes into account the growing demand for aluminium,”* comments Gerd Götz, Director General of European Aluminium.

European Aluminium and its US counterpart The Aluminum Association have called for lifting the unjustified Section 232 tariffs on EU imports since their implementation in 2018 and have submitted a [concrete proposal](#) on restoring the trading relationship between the two markets. Europe has always been an important ally of the US, and European aluminium exports to the US have never posed a threat to US national security. On the contrary, the US and European aluminium value chains are strongly interlinked, with over 15 multinationals operating in both territories.

European Aluminium welcomes the decision to develop a Global Arrangement on Sustainable Steel and Aluminium to reduce global carbon emissions<sup>1</sup> and tackle Chinese subsidised excess capacity, which undermines European production and distorts global markets. The association believes the Arrangement could help incentivise the production of sustainable aluminium on a global scale and looks forward to making a positive contribution to the Arrangement. However, the two-year negotiation period on the Agreement should also be used to remove the unjustified Section 232 tariffs and the quota system permanently. The European aluminium industry fears that the EU’s acceptance of tariff-rate quotas will normalise the use of such quotas, which continue to penalise free and fair aluminium trade.

*“European aluminium producers already face tremendous competitiveness challenges because of the high regulatory costs in the EU and unfair competition from China. Yet despite our industry’s precarious situation, the EU suspended long overdue anti-dumping measures on dumped Chinese flat-rolled products, depriving us of the level of trade defense protection American companies enjoy. It now deals us another blow in the space of a month. The EU is sacrificing the entire aluminium value chain like never before to appease a handful of downstream users and traders,”* Götz commented on the broader trade challenges faced by European companies.

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<sup>1</sup> The carbon footprint of the European primary aluminium production is around 7kg of CO<sub>2</sub> per kg of aluminium as compared to the Chinese average of 20kg of CO<sub>2</sub> per kg of aluminium.

## Note to editors:

Under the tariff-rate quota system, which will come into force as of 1 January 2022, the aggregate annual import volume is set at 18 thousand metric tons for unwrought aluminium products and 366 thousand metric tons for wrought products. The import volumes will be allocated on an EU Member State basis in line with the 2018-19 historical volumes.

Section 232 aluminium products from the EU that are within the quota will enter free of any Section 232 duty, while products entering above the quota will continue to be subject to a 10 percent duty.

## 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 90+ 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.

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