



## **Global Aluminum Associations Call on G7 Trade Ministers to Tackle State Subsidies** *New Briefing Lays Out Economic & Environmental Costs of Failure to Act*

**ARLINGTON, VA; BRUSSELS, MONTREAL, TOKYO (February 4, 2022)** – Today, the Aluminum Association, European Aluminium, the Aluminium Association of Canada and the Japan Aluminium Association jointly released their newest policymaker briefing, *Towards a Fairer and Cleaner Trade in Aluminium*, on the ongoing challenges in the global trade of aluminum. The paper cites data from the Organization for Economic Co-operation and Development (OECD) demonstrating how massive state subsidies, especially in China, have distorted aluminum supply chains and harmed the environment. The briefing was shared with lead trade ministers in all G7 nations (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States).

As the briefing explains, over the past 20 years, aluminum production in China grew from around 10% of the global market to nearly 60% today. Much of this growth was driven by massive state subsidies non-compliant with WTO rules. A [2021 OECD report](#) examined state subsidies to 32 companies representing 70% of the global aluminum market. The study found that Chinese firms received state support ranging from 4% to 7% of annual revenues as compared to similar support representing 0.2% of annual revenues of non-Chinese firms. These subsidies unfairly benefit Chinese production at the expense of the more than 1.8 million direct and indirect aluminum jobs supported by the industry in the U.S., Europe, Canada and Japan. They also weaken domestic supply chains for many products vital to national and economic security.

Additionally, the above-mentioned state subsidies tend to support extraction, production, processing and export of high greenhouse gas (GHG) emitting production systems instead of cutting-edge aluminum production. About 88% of China's aluminum production relies on coal-generated electricity, which emits 10X as much CO<sub>2</sub> per ton of aluminum as compared to hydropower-based systems common in the rest of the world.

“With continued demand growth and [U.S. investment totaling \\$4 billion](#) in the over the past decade, American aluminum has an enormous opportunity to thrive in the 2020s and beyond,” said Charles Johnson, president & CEO of the Aluminum Association. “But, meeting our full potential will require smart policy to combat massive state subsidies that distort global supply chains and slow down the industry’s push to decarbonize. Aluminum firms everywhere – not just state-owned enterprises – should benefit from demand that is expected to grow 80% globally by 2050.”

“Unfair trade practices erode the tremendous economic and social benefits domestic value chains crucial to the achievement of the European Green Deal bring and accelerate an alarming trend Europe has been facing over the past years: an increasing import dependency on high-carbon products that do not meet Europe’s sustainability standards”, said Paul Voss, Director General of European Aluminium.

“Canada’s responsibly produced low CO<sub>2</sub> primary metal is the result of massive multibillion \$ modernization investments, operational efficiency and stringent regulatory environment”, said Jean Simard, President and CEO of the Aluminium Association of Canada. “As we move ahead, to further our decarbonization, a clear and clean trading level playing field is required in order to avoid subsidized carbon leakage disrupting our North American value chain.”



“In Japan, 2,400 companies operate along the aluminium value chain and support almost 100 thousand jobs”, said Yasushi Noto, executive director of Japan Aluminium Association. “Aluminium is significantly useful to recycle compared with other materials and the industry has the vital role to reduce carbon footprint. To achieve the goal of carbon neutral, we have to prevent the carbon leakage associated with distorted global aluminium value chain.”

The aluminum associations are calling for immediate action and attention to address these systemic challenges. As the briefing notes, “We are offering to help, to contribute to creating the modern trade rules that will benefit our sector - and all industrial sectors.” Specific calls for action include:

- **Updated WTO Rules on Industrial Subsidies:** The World Trade Organization (WTO) should update its rules to discipline countries that engage in non-market-oriented practices, including massive and harmful state subsidies. Such an effort would be a significant undertaking but is likely the most effective long-term solution to combat market-distorting behavior.
- **Strong Trade Enforcement:** Countries should continue to use available trade enforcement remedies to combat unfair trade practices in relevant markets. Governments in the U.S., Europe, Canada and Japan have all made substantial use of trade enforcement tools in recent years and these efforts should continue.
- **Multilateral Engagement:** *The U.S./EU/Japan Trilateral Partnership; U.S./EU Global Arrangement on Sustainable Steel and Aluminium; U.S./EU Trade and Technology Council; and the Global Trade Challenges Working Group* have all highlighted the challenges of market distorting behavior in the aluminum trade. These groups must now work toward concrete policy solutions to address these challenges.

“We need the freedom to build supply chains that are robust and resilient, in an environment where public policies are transparent, predictable, and non-discriminatory. These conditions are essential to incentivize the enormous private investments that are required to decarbonize our sector, sustain our environment, strengthen the resilience of our industrial ecosystems, and continue to provide good jobs,” the briefing concludes.

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#### **About The Aluminum Association**

*The Aluminum Association represents aluminum production and jobs in the United States, ranging from primary production to value added products to recycling, as well as suppliers to the industry. The association is the industry’s leading voice, representing companies that make 70 percent of the aluminum and aluminum products shipped in North America. The association develops global standards, business intelligence, sustainability research and industry expertise for member companies, policymakers and the general public. The aluminum industry helps manufacturers produce sustainable and innovative products, including more fuel-efficient vehicles, recyclable packaging, greener buildings and modern electronics. In the U.S., the aluminum industry supports \$172 billion in economic activity and nearly 660,000 jobs. For more information visit <https://www.aluminum.org> or find us on Twitter, LinkedIn, Facebook or Instagram.*



Aluminium  
Association  
of Canada



### **About European Aluminium**

*European Aluminium, founded in 1981 and based in Brussels, is the industry voice of the aluminium value chain 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 95+ members include primary aluminium producers; downstream manufacturers of extruded, rolled and cast aluminium; producers of recycled aluminium and national aluminium associations, 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. For more information visit [www.european-aluminium.eu](http://www.european-aluminium.eu).*

### **About the Aluminium Association of Canada ([www.aluminium.ca/en](http://www.aluminium.ca/en))**

*The Aluminium Association of Canada (AAC) is a non-profit organization representing three Canadian world-class aluminium producers: Alcoa, Alouette, and Rio Tinto operating nine smelters in Canada, eight of which are in Quebec, and employing over 8,800 workers and generating over 5.5 billion US\$ in annual deliveries. For more information, visit <http://www.aluminium.ca> or Twitter @AAC\_aluminium.*

### **About Japan Aluminium Association**

*Japan Aluminium Association (JAA) was established in 1947 (the former names were the Light Metal Rolling Association and Light Metal Smelting Association of Japan). Now, around 140 companies join in JAA, their business fields are various from aluminium fabrication, aluminium remelting and trading, etc. JAA represents Japanese aluminium industry and plays very important role for such as in public relations (including conveying industry voices to the government), research & development, energy & environment, safety & health and so on. Through these activities, JAA tries to enhance values and sustainability of aluminium. For more information visit <http://www.aluminium.or.jp/english/>.*

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