FEDERATION OF ALUMINIUM CONSUMERS IN EUROPE

Why it is time to bring down to zero the EU import tariff on unwrought aluminium

The EU historically applies an outdated import tariff structure of 3% -4% - 6% on unwrought (primary and secondary) aluminium. Now that EU consumers must import around 75% of their needs in primary aluminium, these tariffs, bringing additional 75-150 Euro of cost to every tonne of unwrought aluminium purchased in the EU, appear to be a clear and absurd obstacle to the economic growth in the EU aluminium industry.

This outdated and distortive import tariff structure is still maintained, despite the absence of any economic reason, because of the position of EU and some non-EU unwrought aluminium producers who generate an extra margin at the expense of the entire EU industrial sector, and downstream aluminium processors in particular.

Since 1999, FACE has advocated for the zeroing of all EU import tariffs on the industry's raw materials to level the playing field, to help fill the gap and to support the competitiveness of EU independent aluminium transformers and users, who represent more than 92% of the EU aluminium industry's workforce.

The Governments of EU Member States (UK in the early 2000, Italy, the Slovak Republic) introduced several times total suspension requests (0% applied tariffs) on behalf of FACE, and each time the majority of EU Member States were in favour of/voted for the reduction of the tariffs at the EU Trade Policy Committee (TPC).

With the absurdity of the unwrought import tariff becoming even more obvious, **it is time to finally bring them to zero**.

CURRENT EU IMPORT TARIFFS ON UNWROUGHT ALUMINIUM (2021)

CN	Code description	Tariff
76.01.100000	Aluminium, not alloyed, Aluminium content ≥ 99%	**3%**
76.01.202010	Aluminium alloys, slabs and billets, containing lithium, Aluminium content < 99%	**0%**
76.01.202090	Aluminium alloys, slabs and billets, Aluminium content < 99%	4%
76.01.208000	Aluminium alloys (other), Aluminium content < 99%	6%

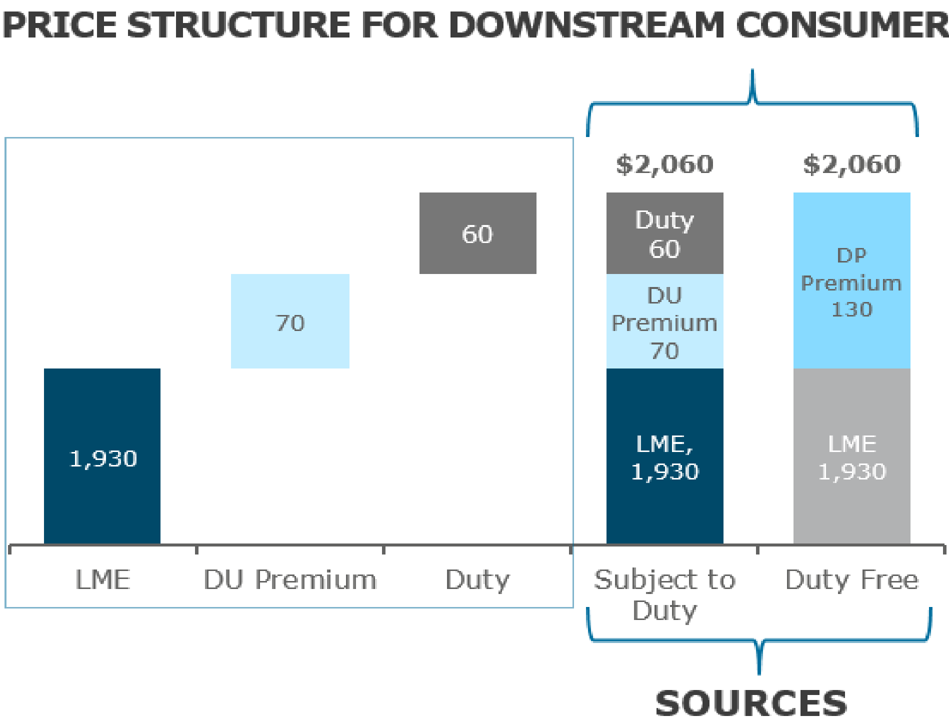
The price – forming in the EU aluminium market

There is no duty-free priced unwrought aluminium available to EU aluminium buyers (transformers, users, final consumers).

The EU price for unwrought aluminium **always** includes as an extra-premium an equivalent of the highest applied level of the EU import tariffs, and this is irrespective of the origin of the metal.

When unwrought aluminium is produced in the EU or imported duty-free (from a country inside of EU, or EFTA, or other countries with Free Trade Agreement with EU), it is nevertheless sold to independent EU customers at a price equal to the duty-paid level.

Thus, respective unwrought aluminium producers' pocket the price difference, which is overpaid by all EU consumers.



This mechanism has been denounced by FACE since 1999 **as a de facto hidden subsidy or a rent at the expense of the EU downstream subsector.**

This explains why certain primary and secondary producers are lobbying so strongly to maintain the existing import tariff structure, though the EU is a massive and growing net importer of unwrought aluminium.

The LUISS University of Rome studies of 2015 and 2019 evaluate that the rent/overcost due to the duty represented up to 18 billion euros for the period 2000-2017.

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A brief history of the fight against the EU import tariff on unwrought aluminium

- ➢ In 2007, following FACE and downstream industry pressure to dismantle the tariffs, a permanent suspension from 6% to 3% of the import duty on unwrought unalloyed aluminium (CN 76.01.100000) was introduced.

- ➢ In 2013, following another initiative of FACE, the duty rate on alloyed slabs and billets was reduced from 6% to 4% (CN 76.01.202090), but FACE's parallel request of lowering or zeroing the duty on foundry alloys was rejected (new CN 76.01.208000). A tariff suspension was applied to aluminium slabs and billets containing lithium, a niche product, by zeroing the import duty from 6% to 0%.

- ➢ In 2016, notwithstanding the position expressed by the European Aluminium Association's (EA) Extruders Division on 20th April 2016, requesting zeroing of the 3-6% tariff structure, EA published the so called "**industry compromise**" which maintained the "statu quo" on the 2013 aluminium import tariff structure, requesting the prolongation of the current duty system at least until 2023.

Important remark

Opponents of the total (0%) suspension of the EU import tariffs on unwrought aluminium falsely argue that if the 3-4-6% tariffs on unwrought aluminium (7601) is further reduced or zeroed, this would automatically affect the 7,5% import tariff on semi-fabricated aluminium products.

However, the EU legal basis and the history of reduction or zeroing of import tariffs on unwrought aluminium show that it is entirely independent from the level of tariffs on aluminium products, including those covering semi-finished and manufactured aluminium products.

Now FACE has launched a new total unwrought aluminium tariff suspension (0%) campaign, and on this website you will find various documents, data and messages that can help you join the fight to secure a more sustainable and competitive future for the EU aluminium industry.

FEDERATION OF ALUMINIUM CONSUMERS IN EUROPE (FACE) was founded in 1999 to defend the interests of the EU independent downstream aluminium transformers, users and consumers.

Based in Brussels, FACE advocates for the liberalisation of raw materials, protecting the EU's manufacturing base, supporting a rules-based and fair international system with the WTO at its core, and for the global transformation towards a low-carbon economy with aluminium as the ideal material for attaining sustainability goals.

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