FEDERATION OF ALUMINIUM CONSUMERS IN EUROPE

Position paper on aluminium scrap

Executive summary

10 June 2025

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Introduction

The European Union's aluminium industry is increasingly reliant on secondary raw materials—especially aluminium scrap—to meet decarbonisation goals, reduce import dependence, and maintain industrial competitiveness. Yet today, over 1.2 million tonnes of aluminium scrap are exported annually from the EU, much of it due to weak internal demand and structural inefficiencies. Ensuring greater retention and use of scrap in the EU is essential for a circular, sustainable, and resilient European aluminium value chain.

Why Scrap Matters

Retaining and upgrading aluminium scrap in the EU is vital for four reasons:

- **Economic Competitiveness:** Recycled aluminium uses 95% less energy than primary production, cutting costs and supporting SMEs.
- **Environmental and Climate Benefits:** Scrap-based production significantly reduces CO_2 and harmful substances emissions, aligning with EU environmental and net-zero targets.
- **Strategic Autonomy:** With limited primary production in the EU, scrap is a key resource for supply security.
- **Circular Economy:** Retaining and processing scrap supports waste reduction and resource efficiency.

Main Challenges

FACE identifies three core barriers to increased EU scrap retention and recycling:

1. **Outdated Classification & Regulatory Complexity**
    - EU customs codes are too broad to distinguish scrap quality, while industry codes are too fragmented for policy use.
    - Regulatory fragmentation and excessive administrative burdens—especially for SMEs—undermine recycling investment and innovation.
2. **Rising Scrap Exports & Trade Imbalances**
    - 80% of scrap exports are low-grade post-consumer material.
    - High-value scrap (e.g. alloy wheels, profiles) is increasingly diverted to the U.S. and Asia due to higher prices.
    - Imports of scrap into the EU are also under pressure, potentially worsening internal supply gaps.
3. **Insufficient Sorting & Recycling Infrastructure**
    - Technical and economic challenges persist in handling post-consumer scrap.
    - Existing infrastructure is not equipped for complex streams like automotive, e-waste, or building materials.
    - High processing costs make exports more attractive than domestic reuse.

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Policy Recommendations

To address these issues, FACE proposes a balanced policy package combining **short-term intervention** with **long-term structural reforms**:

1. Temporary, Targeted Export Tariff

Introduce a **limited and time-bound export tariff** on aluminium scrap (e.g., around 10%). This measure should be clearly defined in duration and scope, and **explicitly tied to accompanying reforms and investments aimed at improving scrap use within the EU**. It would be a way to **temporarily** discourage exports of scrap while working on the **incentives** to improve its sorting and recycling in the EU.

Note: considering the **recent doubling of US tariffs on steel and aluminium** to 50% and a new situation where massive quantities of EU high value scrap could be drawn out of our market because US purchasers could offer high premiums, as scrap is excluded from Trump's tariffs, the Commission may consider **urgent measures, including high export tariffs**, to **prevent a major crisis in the supply of our industry's raw materials**. Recycled aluminium fills part of the EU's growing gap in raw aluminium. Our import dependency for primary aluminium is now above 87%, if the EU aluminium value chain starts losing domestic supplies for secondary aluminium, the situation would be catastrophic.

2. Accompanying Measures to Improve EU Scrap Use

- **Administrative and Regulatory Simplification**: Streamline overly complex administrative and environmental norms that currently hinder the efficient classification, transport, and recycling of scrap across Member States.
- **Environmental Norms Revision**: Identify and remove or revise environmental regulations that unintentionally restrict the intra-EU use of aluminium scrap, especially post-consumer material.
- **Recognition as Strategic Raw Material**: Officially recognize all forms of aluminium scrap as strategic raw materials—without distinction between forms of raw aluminium—ensuring their inclusion in incentives under the Critical Raw Materials Act and forthcoming Steel and Metals Action Plan.
- **Support for SMEs and Energy Relief**: Create targeted financial instruments, including subsidies and energy cost relief, to support SMEs in the scrap recycling and sorting sector.
- **EU R&D and Innovation Funding**: Allocate EU funds to research and innovation programs, particularly for SMEs, to develop advanced sorting technologies and improve the quality and volume of scrap recycled within the EU.
- **Public-Private Technological Development Program**: Establish a coordinated program with European technology institutes to accelerate the development of efficient, scalable sorting and refining solutions for aluminium scrap.
- **Incentives for Increased Use of Post-Consumer Recycled (PCR) Scrap**: Offer benefits and support schemes to alloy producers that invest in the increased use of PCR scrap in their production processes.

3. Primary Aluminium: Part of the Solution

- Secondary and primary aluminium are interdependent. Access to low-carbon primary aluminium—especially for SMEs—must be preserved.
- The EU should reduce trade barriers on independently verified low-carbon primary aluminium imports.
- Export measures on scrap may help in times of crisis but cannot substitute long-term access to affordable raw materials.

Conclusion

A strategic and pragmatic aluminium scrap policy is essential for the EU's industrial, environmental, and strategic ambitions. Temporary export control, regulatory reform, and technological investment, in tandem. This will help transform today's scrap leakage into a strategic advantage—building a stronger, greener, and more competitive European aluminium value chain.

Federation of Aluminium Consumers in Europe (FACE)

FACE was founded in 1999 to specifically 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.

https://face-aluminium.com/