

# Position paper on aluminium scrap

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## Introduction

Aluminium is recognized as a **critical raw material** in the European Union's economy. While aluminium scrap is not explicitly listed, it is implicitly covered under the broader objective of ensuring the availability of critical raw materials within the Union. Yet paradoxically, large volumes of valuable aluminium scrap continue to leave Europe, raising serious strategic concerns. In this context, FACE members stress the urgent need to halt scrap leakage, or for Europe to stop "gifting" its scrap to third countries.

FACE has battled for 25 years for the **availability of raw material** for European transformers, users and consumers. Ensuring this availability means fighting for the availability of primary metal but also of the secondary raw material that is scrap. Currently, European (EU + EFTA) consumption of raw aluminium reaches circa 12 million tonnes per annum and is met with primary aluminium production (1 mln tonnes) and imports (6 mln tonnes) and by recycled metal (5 mln tonnes). Thus, the EU must stop viewing aluminium scrap merely as a commodity to be traded and start treating it as a strategic resource to be secured, upgraded, and used within its own industrial ecosystem.

The guiding question throughout this document is therefore: what serves the long-term interest of the European aluminium value chain — upstream, midstream, and downstream — and how can EU policy best support it?

## The importance of scrap

Securing EU aluminium scrap supply is important for a multitude of interconnected economic, environmental, and strategic reasons.

- 1) Economic Benefits and Industrial Competitiveness:
  - a) Recycled aluminium requires significantly less energy than primary production. Producing recycled aluminium saves 95% of the energy required to produce primary metal. With rising energy costs within the EU, utilizing more aluminium scrap can lead to significant cost savings for the EU aluminium industry<sup>1</sup>.
  - b) A stable supply of aluminium scrap can enhance the **competitiveness of the EU's circular economy**. By ensuring that valuable materials remain within the EU for recycling, local industries can be supported.
  - c) The EU's aluminium industry, of which 92% of the workforce is composed of small and medium-sized enterprises, relies on a sufficient supply of scrap for their operations. Failure to secure this supply can negatively impact their competitiveness and potentially lead to economic losses.
  - Increasing the share of secondary metals production necessitates a shift in certain production paradigms and business models, and a secured scrap supply is crucial for this transition.

<sup>&</sup>lt;sup>1</sup> <u>Aluminium recycling saves 95% of the energy needed for primary aluminium production - International Aluminium Institute</u>



- e) **High demand and prices for EU scrap in third countries** are causing more scrap to be exported, making it harder for EU aluminium industry to compete. Securing the supply can help reverse this trend and ensure EU producers have access to necessary feedstock.
- f) Amid severely limited scrap availability in Europe, producers are increasingly leaning on primary aluminium to meet production demands. Scrap shortage is prompting increased consumption of primary metal.

#### 2) Environmental Sustainability and Decarbonisation:

- a) Utilizing aluminium scrap results in significantly lower greenhouse gas emissions. Recycling aluminium scrap (both processed and post-consumer) saves 9 tonnes of CO<sub>2</sub> emissions and 4-6 tonnes of bauxite<sup>2</sup>. Boosting domestic aluminium recycling is a winwin situation by saving scarce resources and energy and contributing to the EU's decarbonisation goals.
- b) Increased recycling of aluminium is an integral part of the EU decarbonisation strategy. By prioritizing recycling and secondary aluminium production, the EU can secure raw materials with a lower CO<sub>2</sub> footprint, aligning with the demands of clients and end-users and contributing to the EU's net-zero objective.

#### 3) Strategic Autonomy and Security of Supply:

- a) Aluminium is a **strategic raw material**, essential for various key sectors including transport, construction, packaging, renewable energy, digital technologies, and even defence.
- b) The EU has been a **net exporter of aluminium scrap since 2002**. For a continent starved for energy and in need of raw materials," boosting European recycling production presents a way to improve **Europe's resource efficiency and strategic autonomy**.
- c) With the EU producing a limited amount of primary aluminium (less than 15% of its needs), a reliable supply of secondary aluminium from scrap is crucial to **reduce dependency on imported primary raw material with high carbon footprint**.
- d) The increasing export of scrap to third countries threatens the **security of supply** for key manufacturing sectors within the EU that rely on recycled aluminium.

#### 4) **Promoting a Circular Economy**:

- a) Securing scrap supply is fundamental to fostering a **circular economy** where materials are kept in use for as long as possible, reducing waste and the need for virgin resources.
- b) Harmonising "end of waste" criteria aims to **facilitate the transition from waste to valuable secondary raw materials** like aluminium scrap.
- c) The European Commission intends to improve the functioning of secondary raw material markets.

Failure to secure sufficient aluminium scrap supply within the EU could lead to increased reliance on primary aluminium production (which has a higher environmental impact), greater import dependence, higher costs for European manufacturers, and a weakening of the EU's circular economy ambitions and strategic autonomy. Therefore, ensuring a stable

<sup>&</sup>lt;sup>2</sup> <u>Recycled aluminium's role in reducing carbon emissions: Why it's important and how to get there | Hydro</u>



## and high-quality supply of aluminium scrap is crucial for the EU's economic prosperity, environmental sustainability, and strategic resilience.

## Challenges

Based on our discussions with members and industry representatives, FACE has come to the conclusion that there are three main challenges to solve in order to improve scrap usage in the EU: outdated classification and regulatory complexity, rising scrap exports and trade imbalances, and insufficient sorting and recycling capabilities.

#### 1. Scrap classification and regulatory complexity

There are several classification systems used for aluminium scrap, each serving different purposes within the industry and regulatory framework.

#### • Harmonized System (HS) & Combined Nomenclature (CN)

- Context of Use: These are customs and trade classifications used by authorities globally (HS) and in the EU (CN). They are used to determine tariffs, export controls, and for statistical tracking of international trade.
- **Strengths:** They provide a standardized system for international trade of goods, including aluminium scrap, making it possible to monitor trade flows.
- **Weaknesses:** These codes are too broad, with only one or two main categories for aluminium scrap (e.g., "Aluminium waste and scrap," with subcategories for alloyed and non-alloyed). They do not distinguish between different alloys, forms, or levels of purity of the scrap, creating a gap between material science and customs practice. This lack of granularity makes it difficult for targeted policies and incentives.

#### • ISRI Specifications (Institute of Scrap Recycling Industries)

- Context of Use: These are industry-developed standards used by scrap buyers, sellers, and international traders. They serve to standardize the understanding of different types of scrap in commercial transactions.
- **Strengths:** They offer high granularity, with numerous specific grades defined by quirky four-letter codes (e.g., TAINT/TABOR, TENSE, TWITCH) that specify the type and quality of the aluminium scrap. This reduces ambiguity in trade and provides a model for more detailed legal or trade definitions.
- **Weaknesses:** They are not legally binding but are used in private contracts. Their adoption in regulatory frameworks varies.

#### • European Waste Catalogue (EWC) / List of Waste (LoW)

 Context of Use: This is a European system for classifying waste types for regulatory purposes, including waste management, permitting, and reporting. Aluminium scrap, before achieving "end-of-waste" status, is classified under various EWC codes depending on its source and composition.



- Strengths: It provides a comprehensive list of different waste streams, aiding in the regulation and management of waste within the EU. It helps in tracking the origin of waste materials.
- **Weaknesses:** The EWC codes for aluminium scrap may not directly correlate with the quality or alloy type relevant for recycling processes. There can be inconsistencies in how waste is classified across Member States.

#### • Basel Convention – Annex IX & List B

- Context of Use: This is a global environmental treaty governing the transboundary movement of hazardous wastes. Annex IX (List B) lists wastes that are generally considered non-hazardous, including certain forms of clean and sorted metal scrap like aluminium.
- Strengths: It provides a framework for controlling the international trade of potentially hazardous waste, aiming to prevent environmental dumping. Clean, nondispersible aluminium scrap is often categorized as non-hazardous under List B, facilitating its trade.
- Weaknesses: The classification depends on whether the scrap is contaminated (e.g., with oil, paint, mixed metals), which could lead to reclassification as hazardous and more complex trade procedures. Interpretation of contamination thresholds can vary between countries.

#### • EU Waste Shipment Regulation (WSR)

- Context of Use: This regulation implements the Basel Convention within the EU and includes internal EU controls on waste shipments. It categorizes waste into a Green List (pre-approved for trade without prior consent) and an Amber List (requiring notification and consent).
- Strengths: It aims to ensure environmentally sound management of waste during transport and distinguishes between scrap that can be traded more freely (Green List, often including clean aluminium scrap) and waste requiring stricter controls (Amber List, for mixed or contaminated scrap).
- **Weaknesses:** The ongoing revision of the WSR might tighten rules on scrap exports, especially to non-OECD countries, potentially impacting trade flows.

#### • EN 13920

- Context of Use: This is a European Standard specifically for aluminium and aluminium alloy scrap. It aims to provide a norm for scrap classification, including general requirements, sampling, and tests, with specific parts covering different categories of aluminium scrap (e.g., unalloyed, wire and cable, single wrought alloy). It is referenced in Council Regulation (EU) No 333/2011, which establishes criteria for when certain types of scrap metal cease to be waste.
- Strengths: It provides a detailed classification based on characteristics, chemical composition, and metal yield for various types of aluminium scrap. It is intended to be used for delivery and classification, including quality requirements. It is also recognized as an acceptable standard for grading scrap that has achieved "end-of-waste" status.



 Weaknesses: While comprehensive, strict compliance with a closed list of grades within EN 13920 is not typically mandated, as specifications can vary greatly based on commercial agreements and user needs. EN 13920-14 and EN 13920-16 are explicitly excluded as acceptable for end-of-waste status in one source.

What is immediately clear, from reading this list, is that current classification methods are both too broad (in the case of HS and CN) and very complex, depending on what kind of system is used and for which purpose.

Additionally, the **regulatory landscape** surrounding aluminium recycling in the EU is marked by complexity and fragmentation. Companies engaged in the collection, sorting, and processing of scrap must navigate overlapping administrative and environmental requirements at EU, national, and sometimes regional levels. Environmental permits, waste shipment documentation, and reporting obligations often vary significantly between Member States, creating uncertainty and compliance burdens—especially for SME's. In some cases, procedures are not proportionate to the scale or risk of the activity, delaying investment in new recycling infrastructure and discouraging innovation.

Moreover, despite the EU's stated commitment to a circular economy, the current regulatory framework does not sufficiently differentiate between high- and low-risk recycling operations, nor does it reward best practices in sorting or contamination control. As a result, actors seeking to modernise and scale up aluminium scrap recycling are often faced with the same bureaucratic hurdles as those engaging in less sustainable or lower-quality operations.

Streamlining administrative procedures, harmonising permitting and compliance requirements, and updating environmental rules to reflect technical realities would remove significant barriers to investment and improve the competitiveness of Europe's aluminium recycling sector.

#### 2. Rising scrap exports

The EU aluminium scrap export has significantly increased in recent years: from 834 kt in 2019 to 1 257 kt in 2024 (+51%). The main reasons for growing scrap export volumes are decreased demand in the EU and higher profits from scrap sales amid rising demand in Asia.

#### Exports Duty might not resolve the aluminium scarcity

We estimate that approximately 80% of scrap exported from the EU (around 1 million tonnes) is a low-quality post-consumer scrap. Post-consumer shredder scrap at the high end is nearly cost equivalent to P1020 (primary aluminium) on a delivered basis at current market levels. Predominately it was used for the manufacturing of internal combustion engines, i.e. mixed with a significant share of iron and copper. Europe's transition to EVs makes this scrap less demanded, because it is mainly recycled to produce the same internal combustion engine parts<sup>3</sup>.

<sup>&</sup>lt;sup>3</sup> <u>https://www.eea.europa.eu/en/analysis/indicators/new-registrations-of-electric-vehicles</u>





#### New registration of electric cars, EU-27

Lack of market for low-quality scrap is apparently related to the deficiencies of existing **sorting technologies** that do not ensure efficient sorting of large volumes of such scrap. This is evidenced by the scrap sales price on the European market, as well as the shutdown of production lines at some producers and the European price of, for example, alloy 226, which is currently at the level of 2,450-2,550  $\in$  /tonne. Hence, we believe that the scale of the scrap scarcity issue is artificially overblown except for a few important points related to the other 20% of aluminium scrap export.

#### **US** import tariffs

Since March 12, 2025, the United States, raised import tariffs on aluminium and aluminium products, bringing them to 25% (imposed under Section 232 Steel and Aluminum Tariffs). However, this measure did not cover aluminium scrap as it is not included in the product scope of the Section 232 of the Trade Expansion Act of 1962 tariffs.

On 9 April 2025, the USA imposed the so-called reciprocal tariffs, which brought generalised tariffs of 20% on all imports from the EU. Since president Trump suspended the introduction of duties for 90 days, (i.e. until 9 July 2025), a single 10% tariff applies to all countries. This means that until 9 July 2025, or until any further changes, the **current US import duty for aluminium scrap is the generalised 10%**.

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.



Independent market analysis warns that the price of aluminium scrap in the US will remain high enough for traders to increase flows of scrap from the EU into the US. The US aluminium industry has invested more than \$10 billion since 2016 - mostly in secondary production and recycling – fuelling secondary consumption and driving prices of aluminium scrap higher.

It is quite likely that aluminium scrap exports from the European Union to the United States will increase. The exclusion of aluminium scrap from the US tariffs imposed under section 232 of the Trade Expansion Act of 1962 represents a preferential channel for the supply of US industries, which will have to face increased costs for the import of processed and derivative aluminium (subject to the 25% import duty).

As a result, it is reasonable to expect growing American interest in European scrap, which can be transformed and processed locally, avoiding the tariffs.

Last year, EU member states exported a total of 1 257 kt of aluminium scrap (HS 7602). An average price of the scrap exported from the EU was around EUR 1 700, while an average for scrap traded between EU member states was EUR 1 600. For India, the main destination of the EU exports with 345 kt in volumes the value was EUR 1 690. At the same time, the US with 9 kt was placed 17<sup>th</sup>, but an average price was the highest among importers - EUR 3 257. **EU aluminium scrap (HS7602) export, 2024.** The big gap in price between the USA and rest of countries the EU exports to is explained by the difference in scrap quality.

Rank	Importer	mln EUR	tonnes	EUR/tonne	
1	India	584	345 424	1 692	
2	Thailand	280	157 135	1 784	
3	Malaysia	185	117 087	1 583	
4	Pakistan	122	102 193	1 193	
5	Türkiye	149	91 281	1 634	
6	Hong Kong	159	80 650	1 968	
7	China	137	71 776	1 910	
8	Switzerland	109	55 935	1 949	
9	United Kingdom	74	48 316	1 529	
10	Norway	75	42 741	1 750	
11	South Korea	53	27 353	1 942	
12	Viet Nam	36	21 289	1 690	
13	Taiwan	33	18 124	1 837	
14	Indonesia	29	16 330	1 801	
15	Serbia	30	12 585	2 355	
16	Saudi Arabia	19	11 516	1 639	
17	United States	31	9 393	3 257	
18	Japan	22	7 553	2 870	
19	Albania	12	7 038	1 648	
20	Brazil	10	5 668	1 803	
	Total EU Extra	2 163	1 257 560	1 721	
	Total EU Intra	5 510	3 389 315	1 626	
Sourco: Eurostat					

Source: Eurostat



Given that US scrap prices have been steadily growing in the last years it makes economically feasible for European scrap traders to redirect some volumes of scrap from the EU across the Atlantic.



#### LME Aluminium UBC Scrap US (Argus) Closing Prices graph

Imports of scrap into the EU from third countries will also be put into question. According to Eurostat, in 2024 the EU imported 656 thousand tonnes of aluminium scrap. Due to the greater attractiveness of the US market for scrap exporters, the EU will potentially **lose these volumes**, which will lead to even tighter supply of raw material to the EU aluminium downstream industry.



By some estimates, secondary aluminium's share in European consumption will grow to 43-45% in total balance by 2030. **Potential demand growth could be covered only by a larger availability of post-consumer scrap**, since pre-consumer scrap will grow only by 10-15% in the coming 5 years. In this regard, there is a possibility of the European Commission introducing



restrictions on scrap exports from the EU<sup>4</sup>. However, there are many **technological issues preventing the usage of certain types of post-consumer scrap in the production of some end-use goods**.

Therefore, the EU aluminium market will remain deeply import-dependent on aluminium. To address the shortage, a possible generalised export tariff on aluminium scrap exports would not essentially contribute to tackling the deficit. Therefore, other than improved scrap classification and improved sorting and recycling, the solution, in our view, would be three-pronged: keeping the existing EU's primary production capacities afloat, secure fairly developed supply chain for low-carbon primary aluminium, and consider the imposition of a targeted and limited export tariff on high quality scrap.

#### 3. Scrap sorting and recycling capabilities

While the EU boasts relatively advanced recycling capabilities, serious structural limitations continue to undermine the efficient **sorting and reuse of aluminium scrap**.

- **Technological Limitations:** Despite advancements, there are still technical challenges related to the efficient separation and sorting of aluminium scrap. More advanced sorting technologies and better recycling infrastructure are required to improve the quality and yield of recycled aluminium. For example, the lack of technology for sorting low-quality scrap is seen as a significant obstacle to the efficiency of EU's aluminium recycling, hindering the separation of aluminium scrap from other metals. The absence of efficient sorting of large volumes of low-quality post-consumer scrap was also noted by some of our members.
- **Investment Needs:** Greater investment in recycling infrastructure and process innovation is essential to meet future sustainability goals. Encouraging investments in technologies for better sorting and alloy identification (e.g., sensor-based sorting, AI) is a policy opportunity. Investment in advanced sorting technologies and recycling infrastructure is necessary to make domestic recycling of low-quality scrap more viable.

#### • Challenges with Specific Scrap Streams:

- **Building Scrap:** Window frames and building scrap (common alloy 6063) pose challenges due to surface treatments, contamination, and composite construction, requiring incentives for deconstruction over demolition and clean sorting.
- Automotive Scrap: Automotive scrap (cast parts like engine blocks, body panels, wheels) presents problems with mixed alloys and attached ferrous materials and oils, necessitating harmonized End-of-Life Vehicle (ELV) rules and support for advanced shredder/sorter systems. There is a declining supply of automotive scrap, also influenced by lower demand for new cars.
- **E-waste / Consumer Goods:** E-waste (laptops, phones, cookware, electronics) presents an "alloy mix nightmare" with high variability.

<sup>&</sup>lt;sup>4</sup> <u>https://www.spglobal.com/commodity-insights/en/news-research/latest-news/metals/121224-interview-european-aluminium-wants-to-level-the-playing-field-for-global-aluminum-recycling</u>



- Mixed Shred (Zorba): Processing mixed shred (Zorba) is difficult and often requires pyrolysis or salt slag refining, highlighting the need for R&D support and waste-toresource classification. Upgrading mixed Zorba to clean Twitch requires investment in advanced sorting tech like LIBS.
- **Quality Concerns:** The variability in the quality of scrap contributes to the challenges in recycling. Ensuring a sufficient supply of high-quality scrap within the EU remains a challenge. Importers outside the EU tend to buy "cleaner scrap" from Europe at a higher price, assuring higher productivity and efficiency compared to local "lower quality scrap".
- Economic Disincentives: Sometimes, the cost of recycling certain types of scrap in Europe is higher, making it more economically advantageous to sell to third countries who might pay more for it despite lower sorting quality. The lack of a market for low-quality scrap in Europe is partly due to deficiencies in sorting technologies.
- Policy and Regulatory Framework: A well-defined regulatory framework is necessary to support a long-term strategy for the availability and quality of aluminium scrap, including the timely implementation of initiatives like the Critical Raw Materials Act (CRMA), the Waste Shipment Regulation (WSR), and the revision of the End-of-Life Vehicles Directive (ELVD). There's a need for regulatory simplifications to make collection and utilization more effective. The classification of scrap qualities should also be refined to facilitate better matching of supply of secondary raw materials with the demand in the EU.

In conclusion, while Europe has advanced recycling capabilities, significant issues persist in the efficient sorting and recycling of diverse aluminium scrap streams. Addressing these challenges requires technological advancements, substantial investment in infrastructure, supportive policies, and a focus on improving the quality and availability of scrap for domestic use. Otherwise, the export ban will not be able to contribute to the availability of raw materials on the market by itself and, more importantly, along with the development of processing capabilities, measures to liberalize imports of primary aluminium into the EU- especially with a low carbon footprint - could improve the market situation.

### Potential solutions and policy demands

In light of the diverging positions among FACE members regarding the introduction of export tariffs on aluminium scrap—and acknowledging the need for caution toward such measures—we propose a balanced and time-bound compromise package that tackles the different aspects needed to improve the retention and usage of aluminium scrap in the EU. This approach aims to address current challenges in the EU aluminium market while supporting long-term industrial and environmental goals. We believe this comprehensive approach can help preserve the long-term resilience of Europe's aluminium value chain.



#### 1. Simplification and scrap classification

Both the classification and the regulations around scrap and its recycling are very complex, making their adherence to them time-consuming and costly. With sometimes contradictions between the technical and environmental goals. This complexity contributes to creating obstacles to circularity goals and, to some level, to the capacity and the cost of recycling aluminium scrap in the EU. For the most part, we have capacity in the EU to recover post-consumer, scrap. However, third countries (in Asia, notably) buy it at a more attractive price, because they do not have the regulations we have in the EU.

We believe that a simplification and rationalisation of administrative and environmental legislation, in conjunction with other measures listed below, would affect positively the usage of scrap in the EU.

Regarding the complexity of aluminium scrap **classification systems**, we list here a few solutions that the EU could consider:

- **Promote Standardization and Consistent Definitions:** One key solution is to push for consistent scrap definitions across countries, potentially aligning with industry standards like the ISRI specifications. This standardization can facilitate international trade and prevent mislabelling. Currently, there's a lack of distinction in HS/CN codes between clean and contaminated scrap, or different scrap types.
- Update Customs Codes for Greater Granularity: The existing Harmonized System (HS) and Combined Nomenclature (CN) codes are too broad and do not adequately differentiate between various types and qualities of aluminium scrap. A proposed solution is to introduce new, more specific CN codes that can distinguish between clean wrought scrap and contaminated Zorba, or between specific types like UBCs and cast aluminium. This would provide better trade data, enable targeted incentives, and improve the tracking of circular flows.
- **Reference Industry Specifications in Regulations:** While industry standards like ISRI specifications are widely used in trade, they are not legally binding. A solution could be to harmonize national scrap definitions with ISRI codes in areas like public procurement, permitting, or fiscal incentives. This would reduce ambiguity and support quality certification.
- Implement Dual Reporting Across Systems: There is a misalignment between waste origin (EWC/LoW) and recyclability. Mandating dual reporting of scrap processing information using both EWC/LoW and HS codes could improve recycling rate statistics and aid cross-sector comparisons.



- Clarify Definitions Under International Waste Regulations: The interpretation of contamination thresholds under the Basel Convention varies between countries. Supporting clarification of aluminium scrap subtypes under Basel, for example, by defining "clean Twitch," would improve the consistency of export controls.
- Develop a Certified "Green Scrap" Label: Inspired by initiatives in countries like the Netherlands, creating a national certification system for clean, non-contaminated aluminium scrap (aligned with ISRI grades) could streamline export procedures under the EU Green List of the Waste Shipment Regulation. This encourages quality sorting and avoids unnecessary export blocks.
- Mandate Dual Classification Reporting (EWC + HS) in National Systems: Following the example of the Dutch tracking system, mandating dual classification reporting in all scrap processing permits and customs declarations can reduce ambiguity and align industry practices with policy goals.
- **Refine the Classification of Scrap Qualities:** The classifications of scrap qualities should be refined to facilitate a better matching of the supply of secondary raw materials with the demand within the EU. Classifying scrap into distinct alloy families based on performance requirements could improve efficiency and sustainability in recycling.
- **Improve Data Collection and Monitoring:** Implementing an EU-level monitoring dashboard for scrap exports using enhanced HS/CN coding can provide real-time data on quantities, destinations, and flow volatility, enabling better-informed policy decisions.

Other than these proposed solutions for scrap classification, we propose the following **simplification and rationalisation of administrative and environmental legislation**, that need to come with incentives for the industry to work in a holistic manner:

- 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.



#### 2. Scrap exports

While the revised Waste Shipment Regulation (effective February 2025) will restrict exports to non-OECD countries, no direct restrictions currently apply to OECD countries like Türkiye. Although export tariffs are a possible tool, and the EU Commission is looking into it, we need to consider its effectiveness and remain cautious about unintended effects.

Different stakeholders hold diverging views on the idea of introducing an EU export tariff on aluminium scrap. some strongly support measures like export tariffs to retain scrap within the EU. They argue that scrap exports represent a loss of valuable energy and scarce secondary raw materials, undermining competitiveness and sustainability goals. However, some observers highlight a contradiction in this position, as the same people simultaneously advocate for import duties on primary aluminium while seeking restrictions on scrap exports to secure cheaper domestic supply.

Recycling associations such as EuRIC, BIR, and German industry groups firmly oppose any export restrictions. They argue that such measures distort open markets, harm the circular economy, and primarily serve the protectionist interests of European aluminium producers. They warn that limiting exports could reduce collection rates, cause economic losses, and even lead to bankruptcies among recyclers and metal traders. These associations also contest the notion of a domestic scrap shortage and call for reciprocity in trade rules rather than unilateral restrictions.

Several FACE members surveyed support EU measures to regulate scrap exports, citing the risk of losing strategic raw materials to high-paying third countries. However, considering the fact that 80% of scrap exported from the EU (around 1 million tonnes) is a low-quality post-consumer scrap and the fact that a blanket export tariff on all scrap would not be enough to improve the retention of scrap in the EU, for the reasons listed above, what FACE suggests introducing a **limited and time-bound export tariff on aluminium scrap**. 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.



#### 3. Scrap sorting and recycling capabilities

FACE believes that the European Commission should create strong **economic and fiscal incentives to support the development of the aluminium recycling industry**, particularly in the areas of sorting and preparing materials for alloy production. Targeted subsidies, especially for projects using renewable energy sources, will be crucial to achieving this.

We consider that the one of the main barriers to efficient aluminium recycling in the EU is the insufficient technological capacity to **sort low-quality scrap**. Effective separation of aluminium from other metals is essential to improving the commercial viability of recycling. Addressing this technological gap will make recycling more profitable and, over time, enable the EU to retain and process an additional one million tonnes of aluminium scrap domestically, rather than exporting it.

As one FACE member put it, the necessary actions **to improve scrap recycling** in Europe include direct support for investments in advanced recycling technologies — particularly through funding programs and tax incentives for companies investing in high-efficiency sorting plants. These upgrades will enhance both the quantity and quality of recovered material.

Improving **collection and logistics** systems is another critical area. More efficient systems for the collection, sorting, and transport of scrap can drastically reduce losses along the supply chain and increase the volume of recyclable material available. For example, in Italy alone, an estimated 65,000 tonnes of aluminium are lost each year in municipal waste streams — a significant loss of valuable resources.

The European Commission's broader action plan for metals recycling is **aligned with these priorities**. It recognizes that effective scrap management is vital not only to strengthening Europe's circular economy and environmental objectives but also to making European industries more flexible and globally competitive.

Finally, supporting technology upgrades through targeted investments is key. Prioritizing advanced sensor-based sorting technologies — such as X-Ray Transmission (XRT) and Laser-Induced Breakdown Spectroscopy (LIBS) — will allow for the upgrading of mixed, low-quality scrap (e.g., Zorba) into higher-value fractions like clean Twitch. Grants, subsidies, or tax incentives can catalyse the adoption of these technologies across the recycling sector.

Some specific measures could include:

- **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 Europe.



- **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.

## Conclusions

Europe's aluminium recycling system faces **clear challenges**. Technological limitations make it difficult to sort and recycle certain types of post-consumer scrap, while the cost of recycling often makes it more attractive to export scrap to third countries that offer higher prices than EU companies can match. At the same time, the current system for classifying scrap materials is both too vague for tax purposes and too complex from a technical perspective, further complicating recycling efforts. Finally, administrative and environmental regulations, though well-intentioned, often create additional burdens that discourage investment in recycling infrastructure.

To address these obstacles, **a coherent set of policy actions** is needed. Simplifying administrative and environmental norms would lower barriers for recycling investments. Improving the categorization of scrap — making it both more technically accurate and easier to apply in trade and customs — would support better material recovery. Introducing a limited, targeted export tariff on scrap could help keep strategic secondary raw materials within Europe, without disrupting the entire market. Coupled with incentives to invest in better sorting technologies, particularly for post-consumer scrap, these measures would strengthen the competitiveness and circularity of the European aluminium industry.

However, it is important to recognise that **improving circularity alone will not eliminate Europe's need for primary aluminium**. Secondary and primary aluminium are complementary: primary aluminium must still be produced to maintain the quality and properties required for many applications. Therefore, policies aimed at keeping more scrap in Europe must be aligned with a broader strategy that ensures access to sufficient primary material. In this regard, the current contradiction — supporting export tariffs on scrap while maintaining import tariffs on unwrought aluminium — must be addressed if Europe is to genuinely secure its raw material supply and support the resilience of its industrial base.

Europe has an opportunity to **lead globally in sustainable aluminium production and recycling**. A targeted, pragmatic policy approach is essential to turning today's scrap challenge into tomorrow's strategic advantage.



#### 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/