



FEDERATION OF ALUMINIUM
CONSUMERS IN EUROPE



EUROPEAN ALUMINIUM INDUSTRY GROWTH, RECYCLING, AND ITS GLOBAL CHALLENGES

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Secretary General of FACE

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THE STRUCTURE OF THE EUROPEAN ALUMINIUM INDUSTRIAL CHAIN

UPSTREAM

8% - of the total employment

30% - of the annual turnover

Raw Al



Scraps



Alumina

DOWNSTREAM

92% - of total employment

72% - of annual turnover

Extruded profiles



Coils, Sheets, Plates



Foils



Rods, Bars



Forgings, Castings



SEMI-FINISHED PRODUCTS

END PRODUCTS

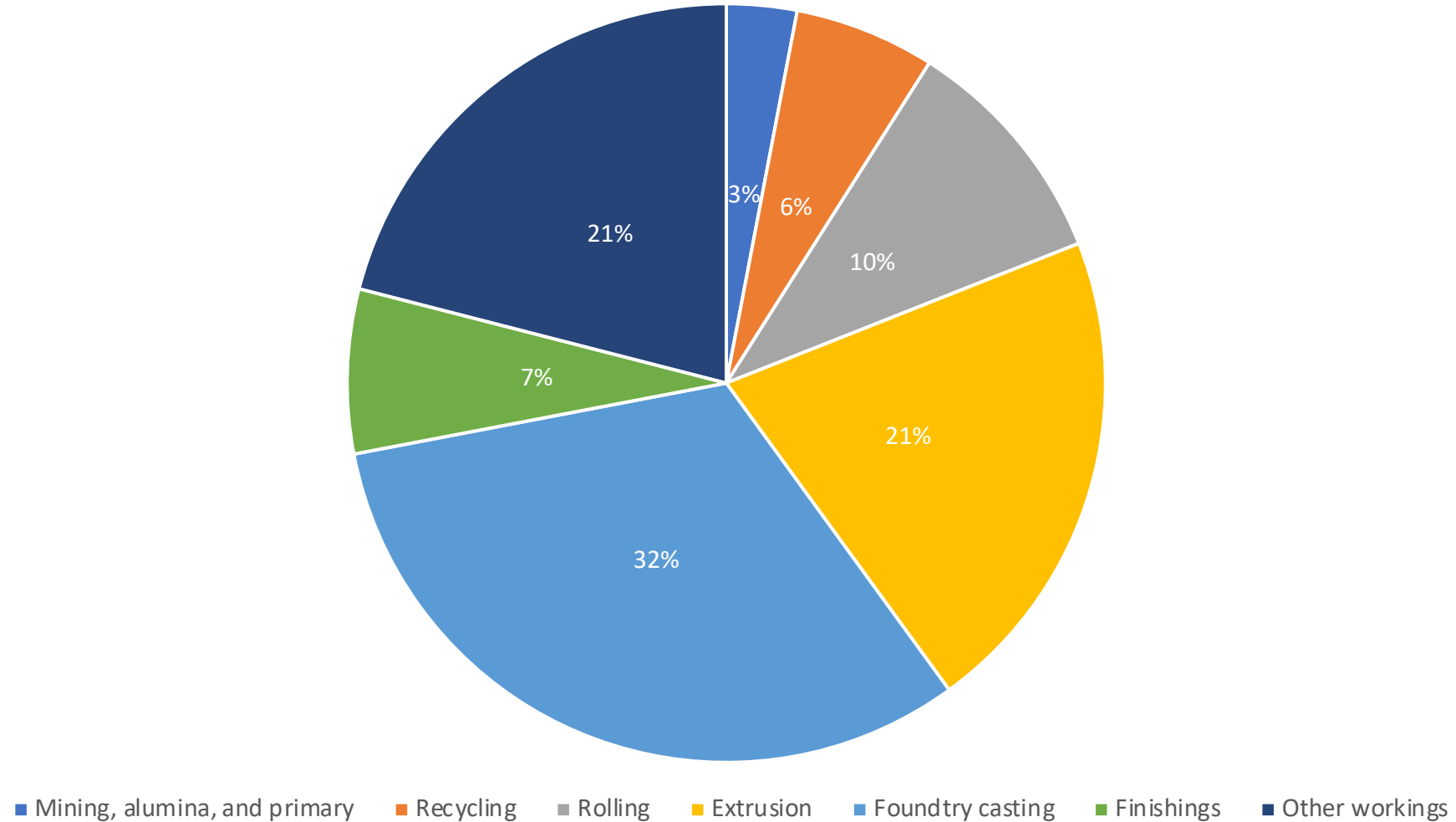
> 250,000

Direct jobs

EU depends on imports of unwrought primary aluminium for more than

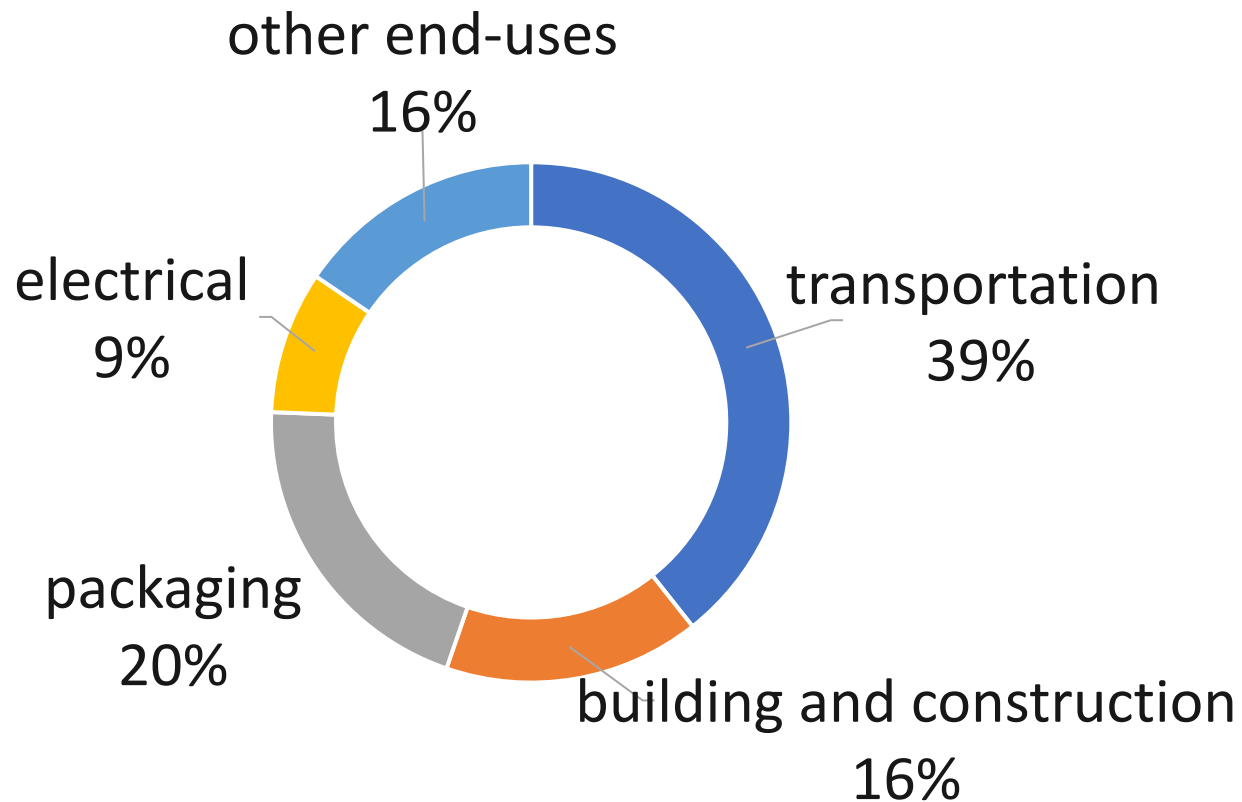
>80% of its needs

INDICATIVE OVERVIEW OF EMPLOYMENT IN % IN THE EU IN THE MAIN SECTORS



THE MAIN END-USE SEGMENTS DRIVING ALUMINIUM DEMAND IN EUROPE

Forecast of the % structure of aluminium demand 2023-2030 by end-use



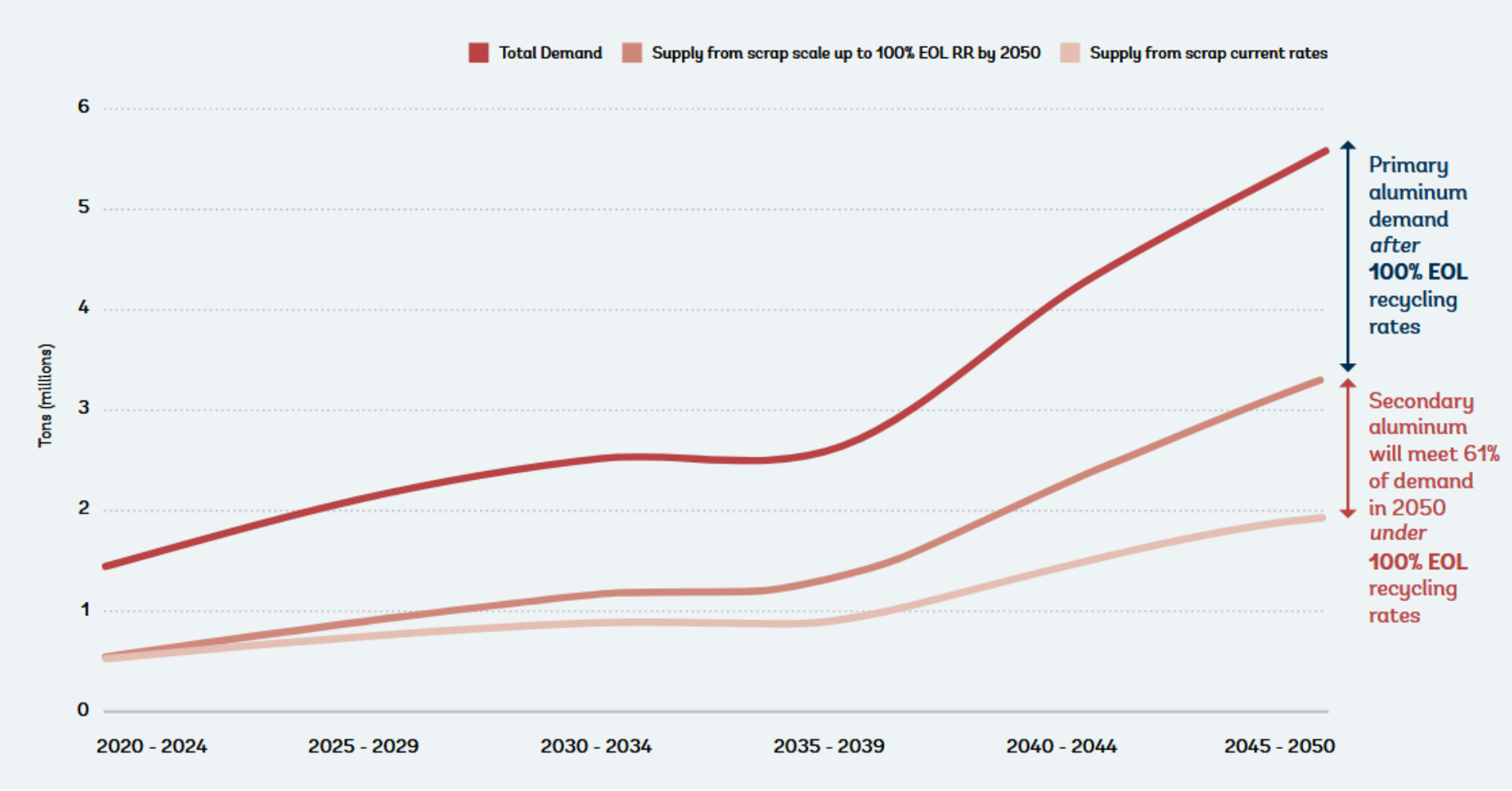
To support the expected growth, it will be essential to have:

- Increased downstream capacity in Europe
- Availability of high-quality, low-carbon metal
- Competitive supply
- Access to state-of-the-art decarbonization technologies



ALUMINUM RECYCLING PROJECTIONS RELATIVE TO ANNUAL ALUMINUM DEMAND UNDER 2DS THROUGH 2050

Recycled secondary aluminium will play a key role in the development of the light metal's industrial value chain, with particularly strong growth in recent years.



Note: EOL recycling rates are assumed to increase annually to meet 100 percent EOL by 2050. This means that secondary aluminum meets an increasing amount of aluminum demand over time. 2DS = 2-degree scenario, EOL = end of life, RR = recycling rates.

Source: Hund, K.L., et al., *Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition*. 2023, World Bank Group: Washington D.C.

SCRAP/RECYCLING CANNOT SUSTAINABLY REPLACE PRIMARY METAL

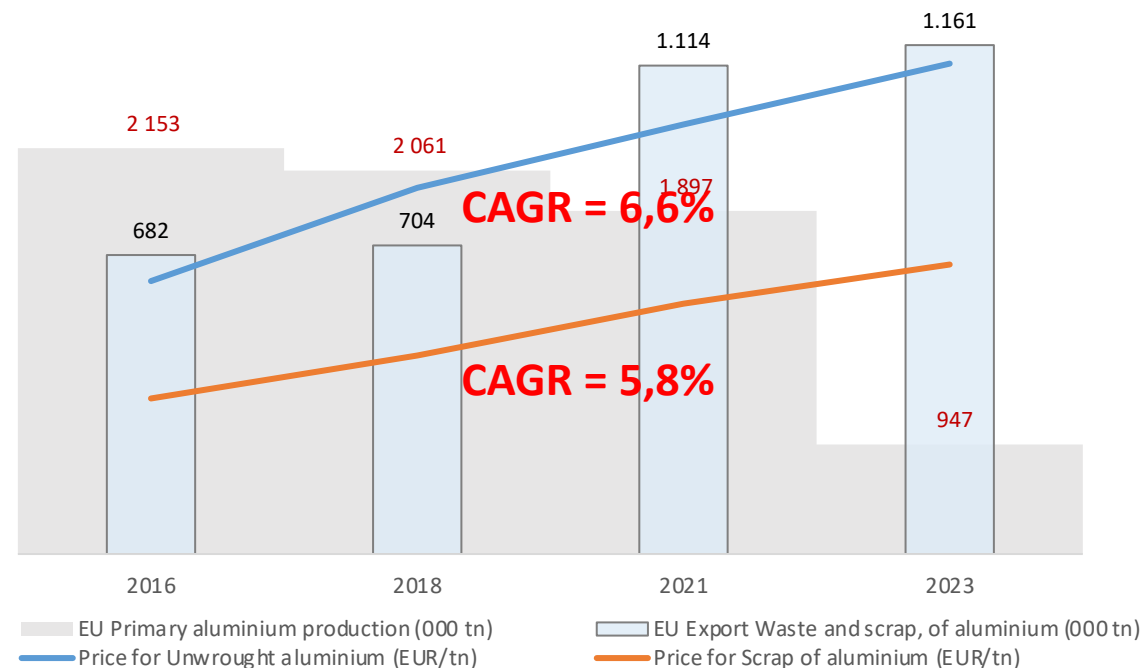
The main drivers of European scrap prices are the primary aluminium price in the EU market as well as domestic deficit of scrap suitable for remelting.

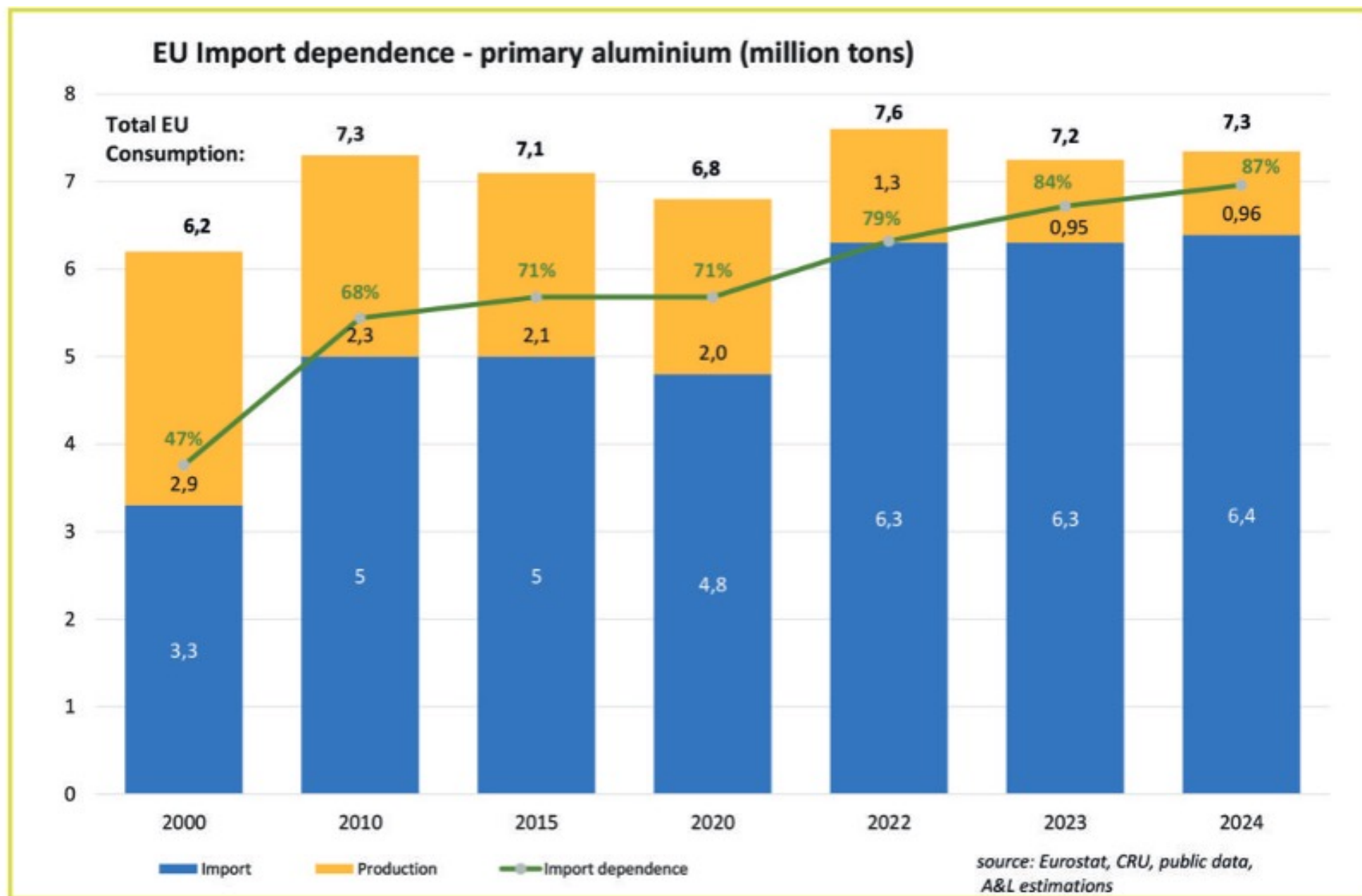
Dynamics of scrap price resonates the one of primary metal and has been continuously increasing since 2016. Growing scrap exports (700 kt in 2016 to 1 mln t in 2021) that is a consequence of high cost of EU lower-grade scrap processing, while imports of premium scrap are also increasing.

Scrap cannot represent a sustainable solution for replacing primary metal in the EU aluminium industry, especially with cost inflation.

Primary aluminium must be blended with secondary metal for contain 30% of primary aluminium. Thus, even in the most ambitious circularity scenario, EU demand for, and deficit of, primary aluminium will continue to grow.

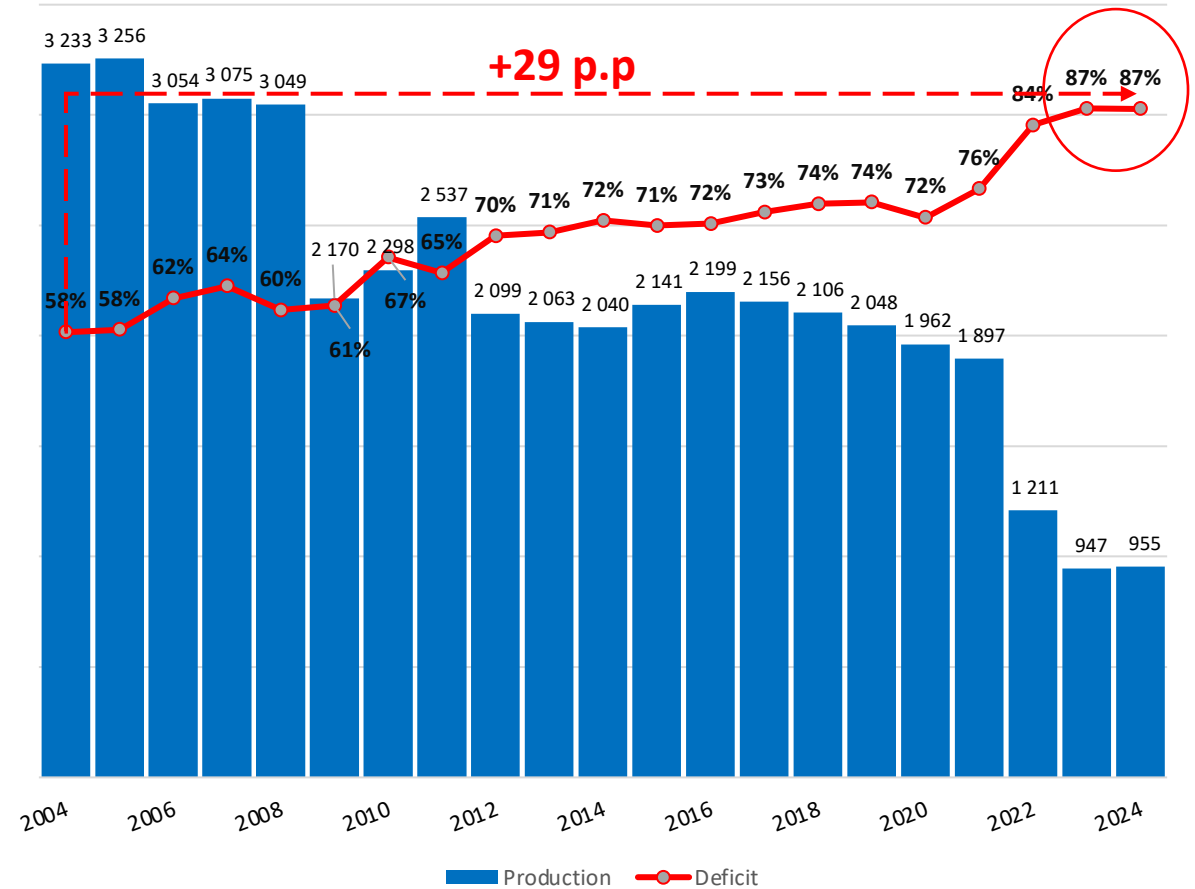
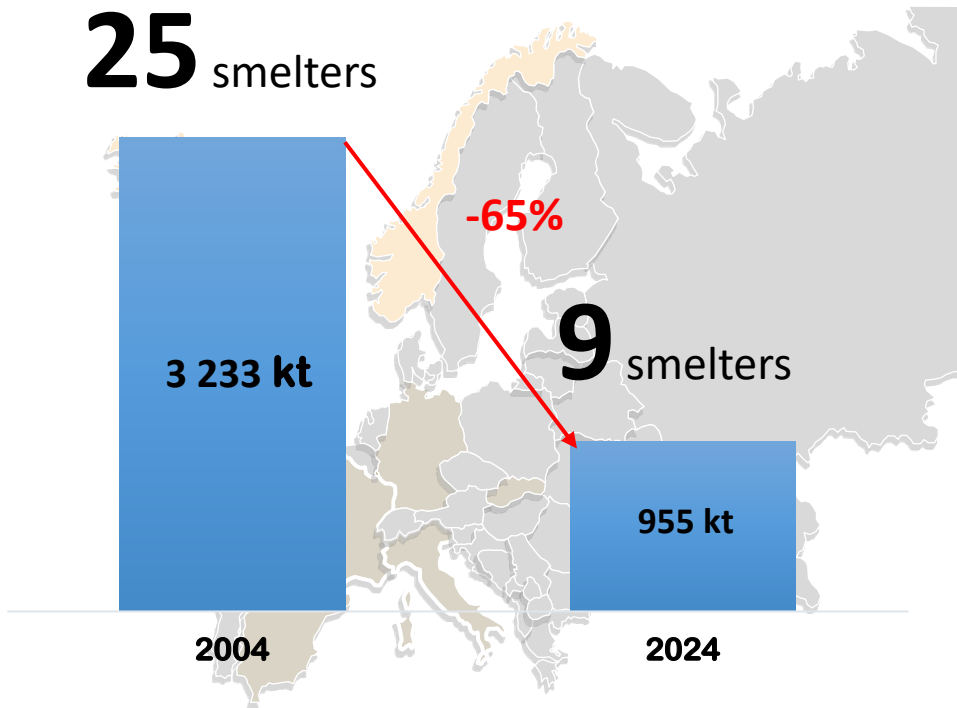
EU Aluminium Market Deficit pushes prices for raw aluminium up





IT IS TIME TO UNDERSTAND EU ALUMINIUM FUTURE IS IN RECYCLING AND DOWNSTREAM PROCESSING

EU Primary aluminium production and deficit
thousand tonnes

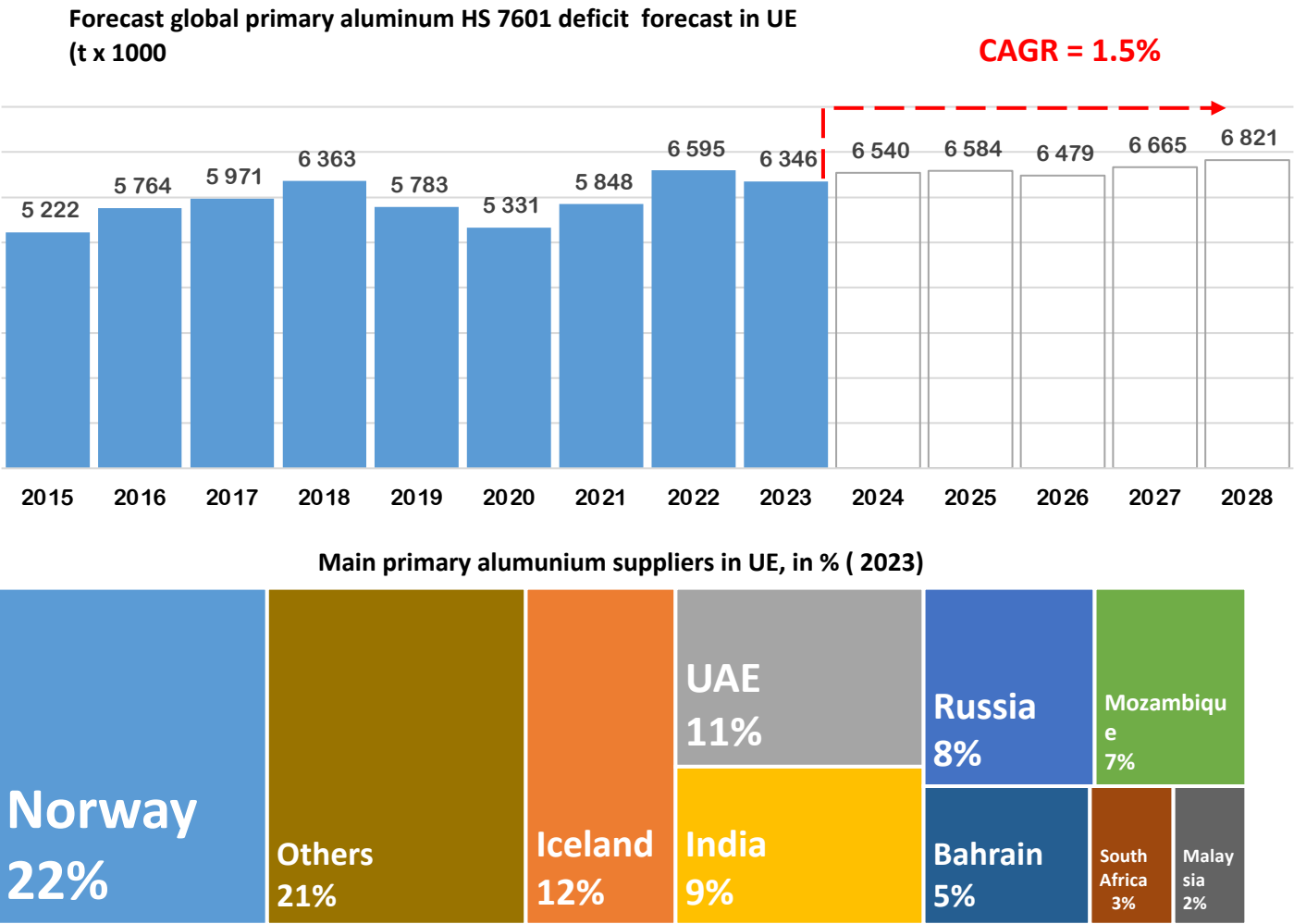




RECYCLING, PROCESSING AND MANUFACTURING REQUIRE IMPORTED PRIMARY ALUMINUM

Secondary aluminium requires the addition of primary metal.

Depending on the quality of the scraps, between 10% and 30% of primary aluminium is added.

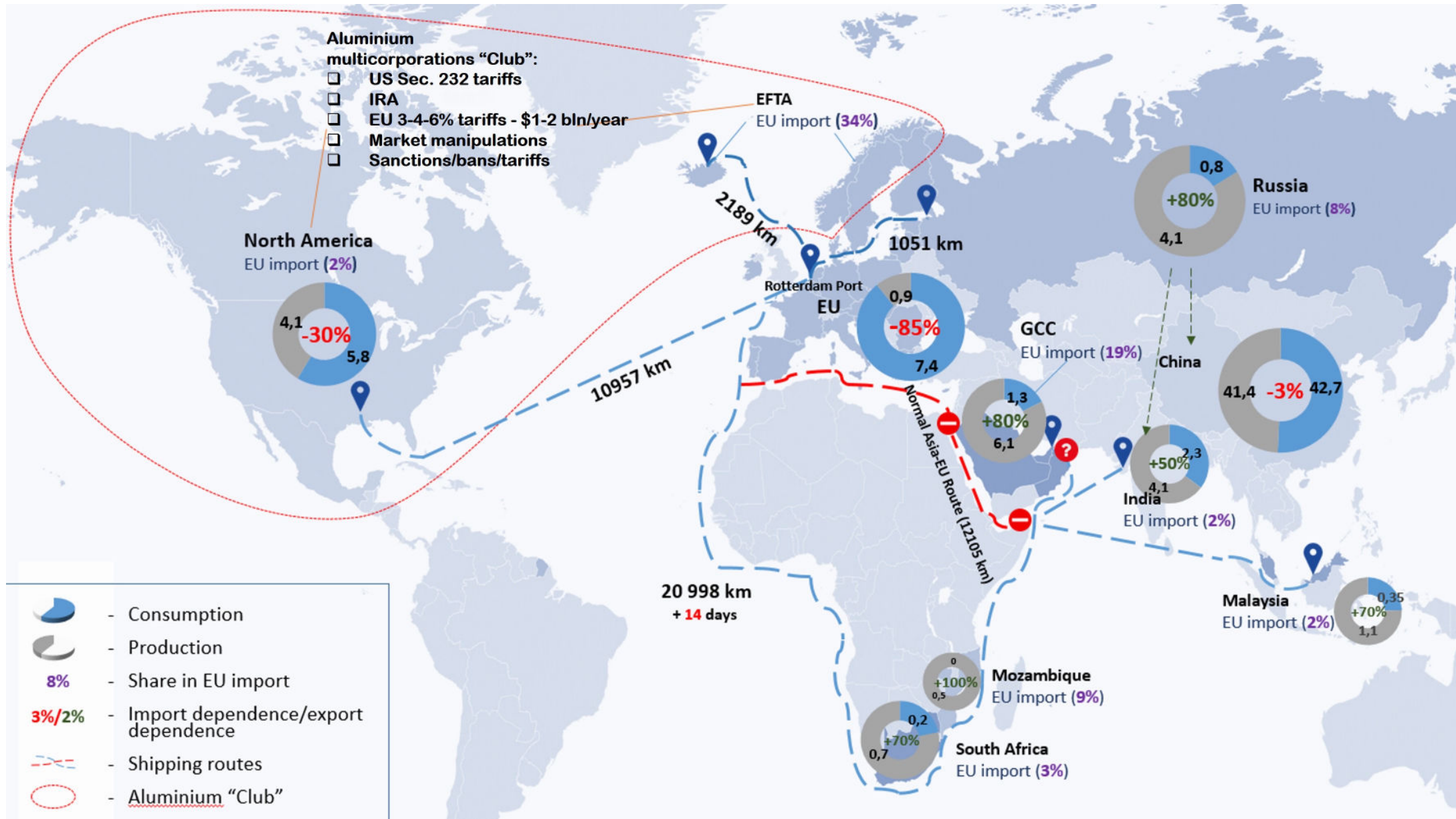


It is worth underlining that aluminium recovery and recycling cannot replace the absence of primary raw metal in Europe.

This is a particularly critical issue for the EU, given the severe decline in domestic primary aluminium production.

In 2023 EU primary production fell below 1 million tonnes while global aluminium consumption in the world reached about 100 million tonnes, 70 Mt primary metal and 30 of secondary.

THE EU IS THE MOST AT RISK AREA IN VARIOUS ASPECTS IN TERMS OF RAW MATERIAL SHORTAGES AND THE VALUE OF PREMIUMS FOR ALUMINIUM SUPPLIES

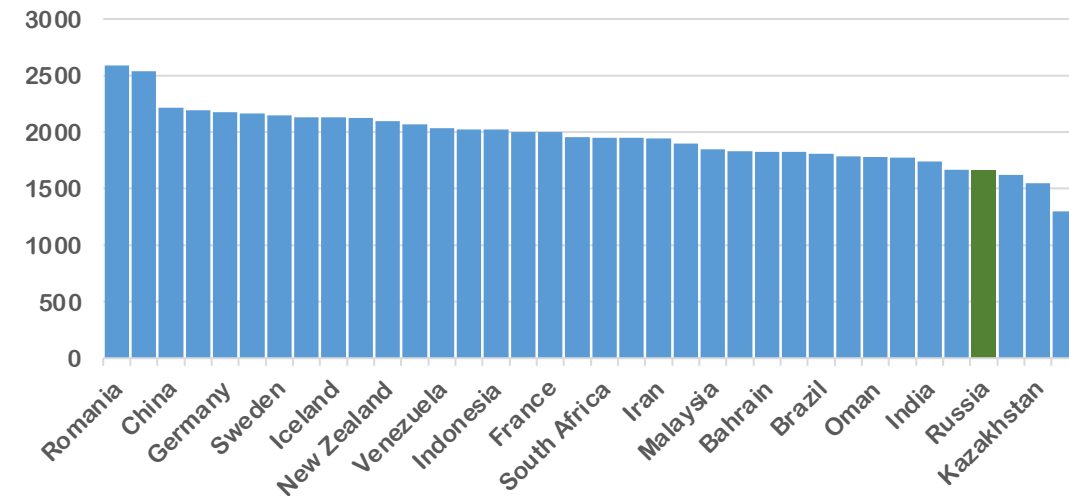




THE REAL BENEFICIARY FOR ANY LIMITATIONS ON THE IMPORT OF GREEN PRIMARY ALUMINIUM INTO THE EU IS CHINA

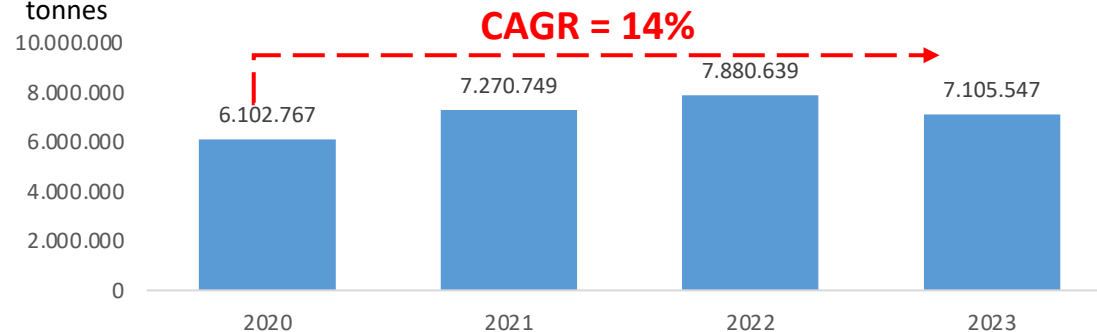
World aluminium producers liquid costs

US \$/t



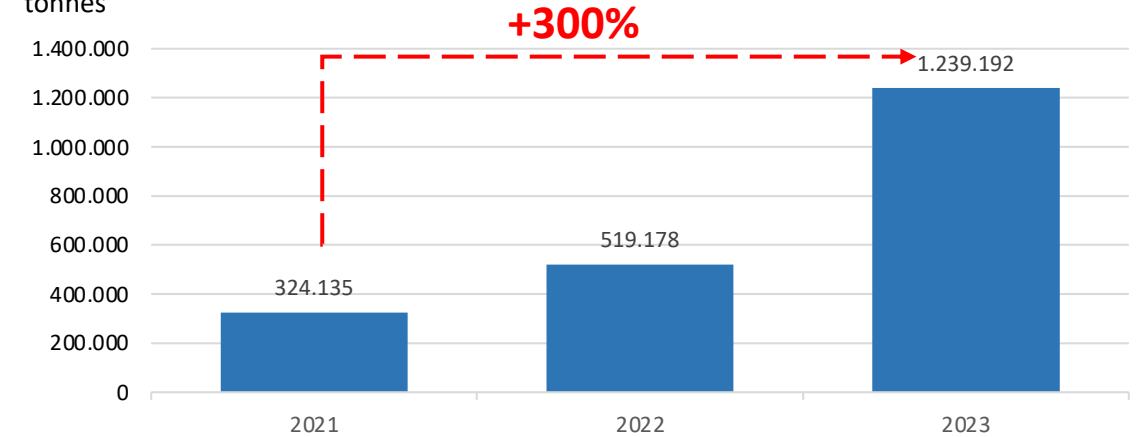
Exports of Chinese aluminium downstream to the world

tonnes



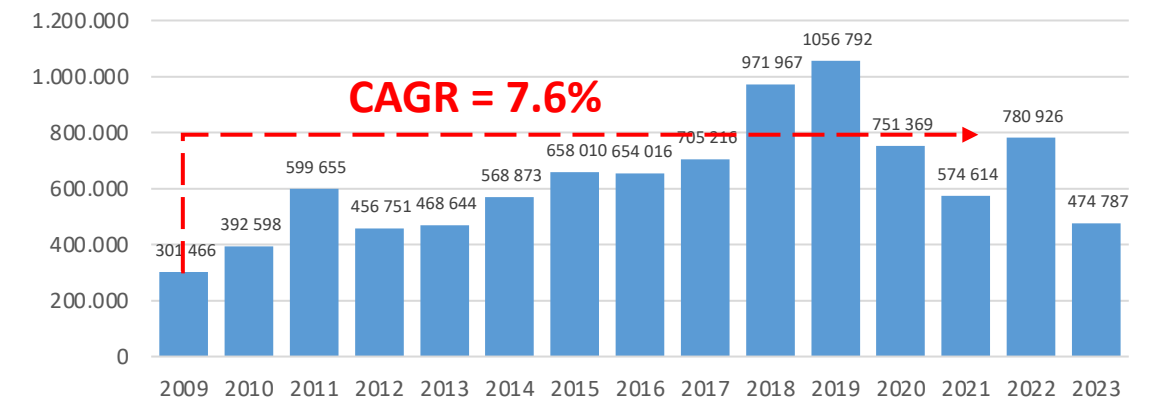
China's primary aluminium imports from Russia

tonnes



EU Imports of downstream from China

tonnes

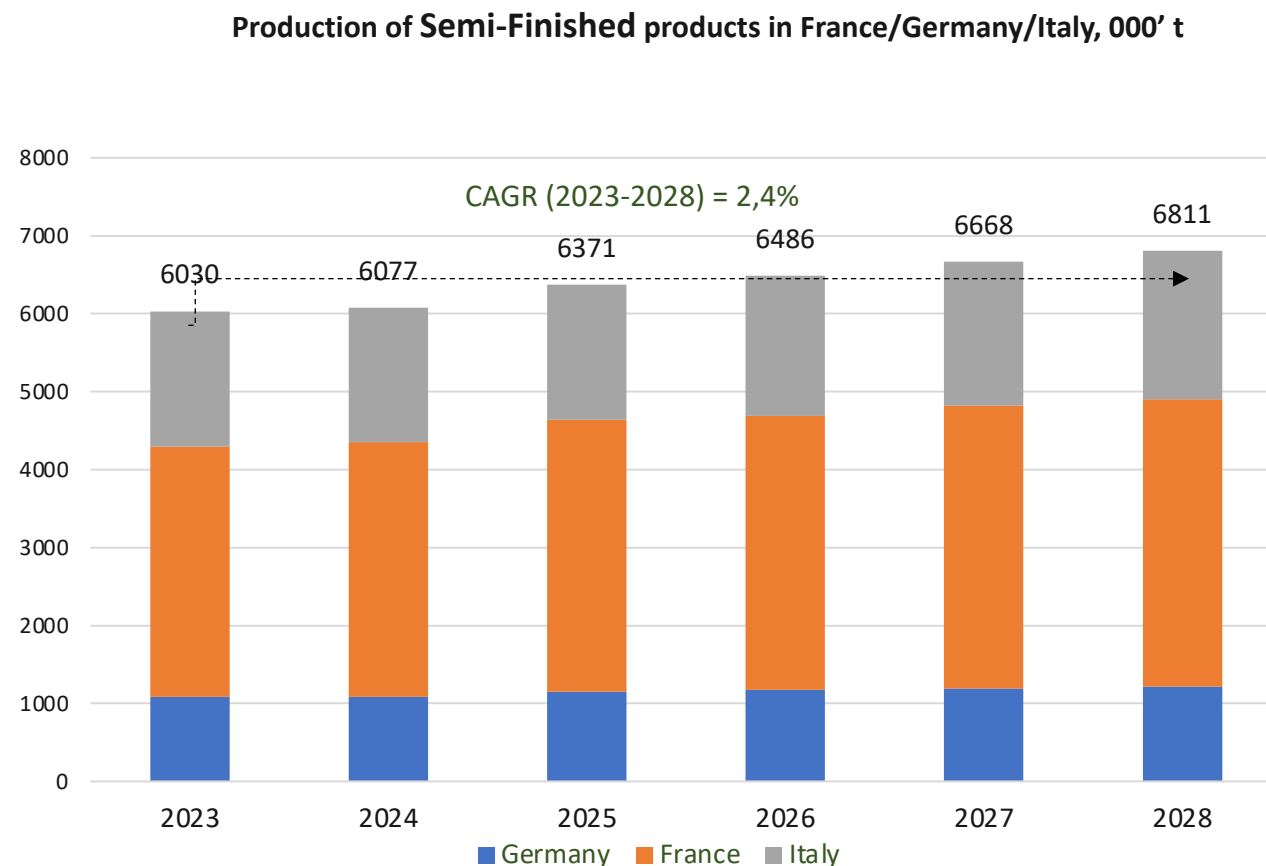




INCREASING DEMAND FOR SEMI-FINISHED PRODUCTS, PARTS AND COMPONENTS WILL DRIVE GROWTH IN DEMAND FOR PRIMARY ALUMINUM IN THE EU

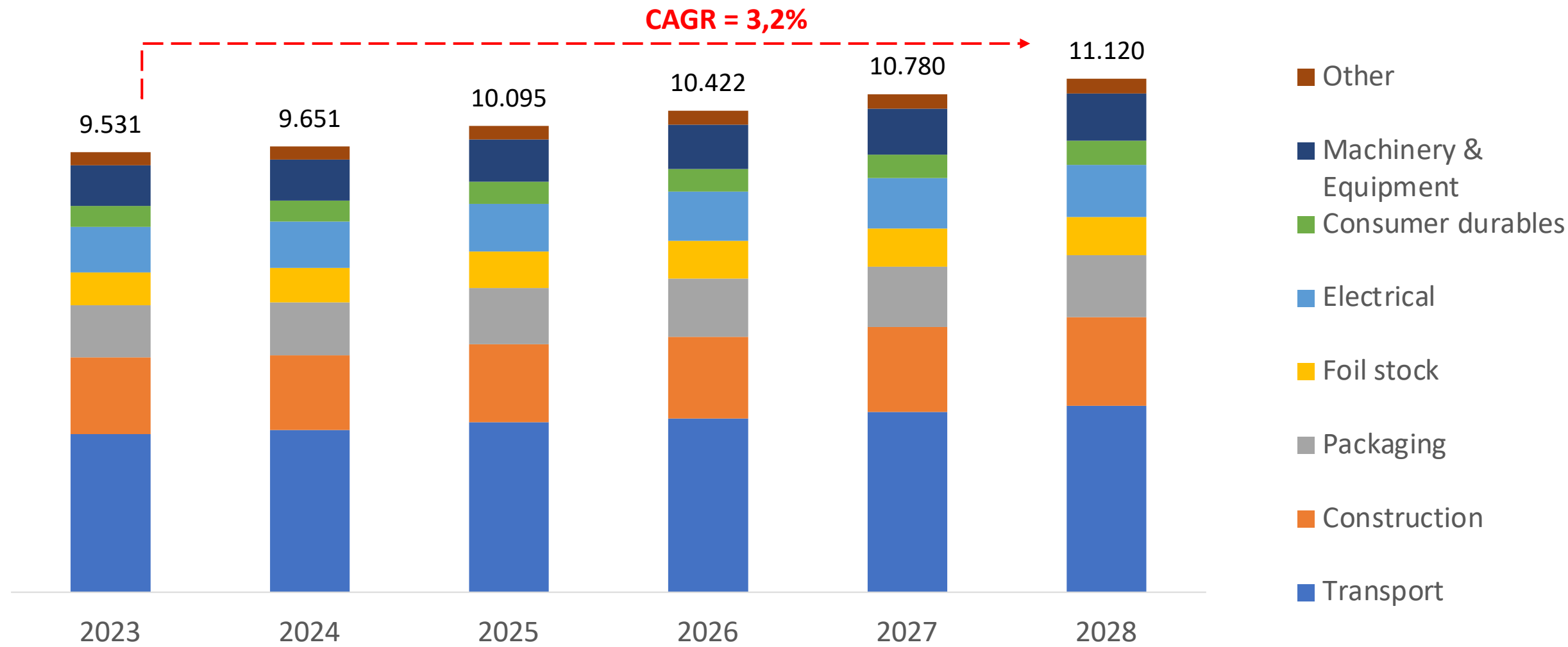
The downstream processing and transformation of aluminium and its alloys directly employs over 300,000 people in the EU, approximately 92% of the entire aluminium value chain.

Growing demand for the light metal in the EU will require increasing volumes of high-quality primary metal, preferably with a low carbon footprint.





FORECASTS OF ALUMINIUM SEMI-FINISHED PRODUCTS DEMAND IN WESTERN EUROPE (in kt)



Industrial demand for aluminium semi-finished products in Europe shows a growth trend.

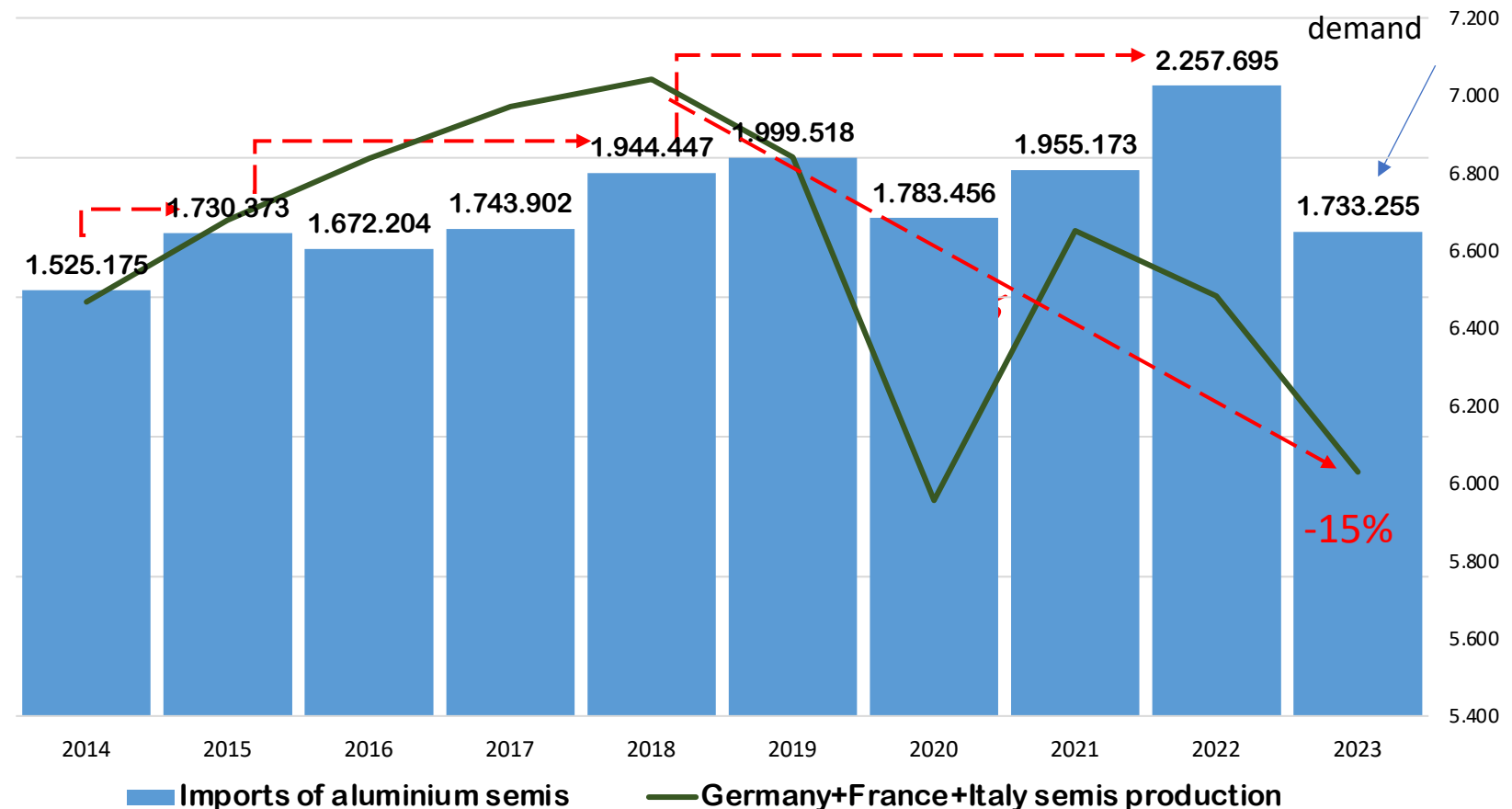


IF THE EU FAILS TO KEEP ALUMINIUM MANUFACTURING AND PROCESSING ALIVE, MANY DOWNSTREAM INDUSTRIAL ACTIVITIES WILL DISAPPEAR

The consequences for downstream consumers include:

- Higher raw material costs
- Climate and labour cost risks
- Burdens from supply chain disruptions
- Administrative and tax burdens
- A weakening of innovation and industrial excellence

EU imports of aluminium semis from non EU countries (tonnes) vs Germany+Italy+France semis production (kt)



Source: Eurostat

ACHIEVING FAIR TRADE IN RAW METAL: URGENT NEED FOR A TOTAL SUSPENSION OF EU IMPORT DUTIES ON UNWROUGHT ALUMINIUM

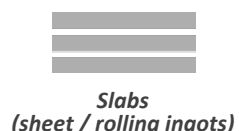
IMPORT TARIFFS APPLIED ON UNWROUGHT ALUMINIUM IN THE EU IN 2025

HS Code	Code description	Tariff (2021)	EU regulation No.
76.01.100000	Aluminium, not alloyed , Aluminium content $\geq 99\%$ 	3%	R0705010
76.01.202010	Aluminium alloys , slabs and billets, containing lithium, Aluminium content $< 99\%$ 	0%	R1623900
76.01.202090	Aluminium alloys , slabs and billets, Aluminium content $< 99\%$ 	4%	R1623900
76.01.208000	Aluminium alloys (other) , Aluminium content $< 99\%$ 	6%	R9720860

In 2007 following downstream industry pressure to change the tariffs, a temporary reduction from 6% to 3% was introduced on unwrought unalloyed aluminium.

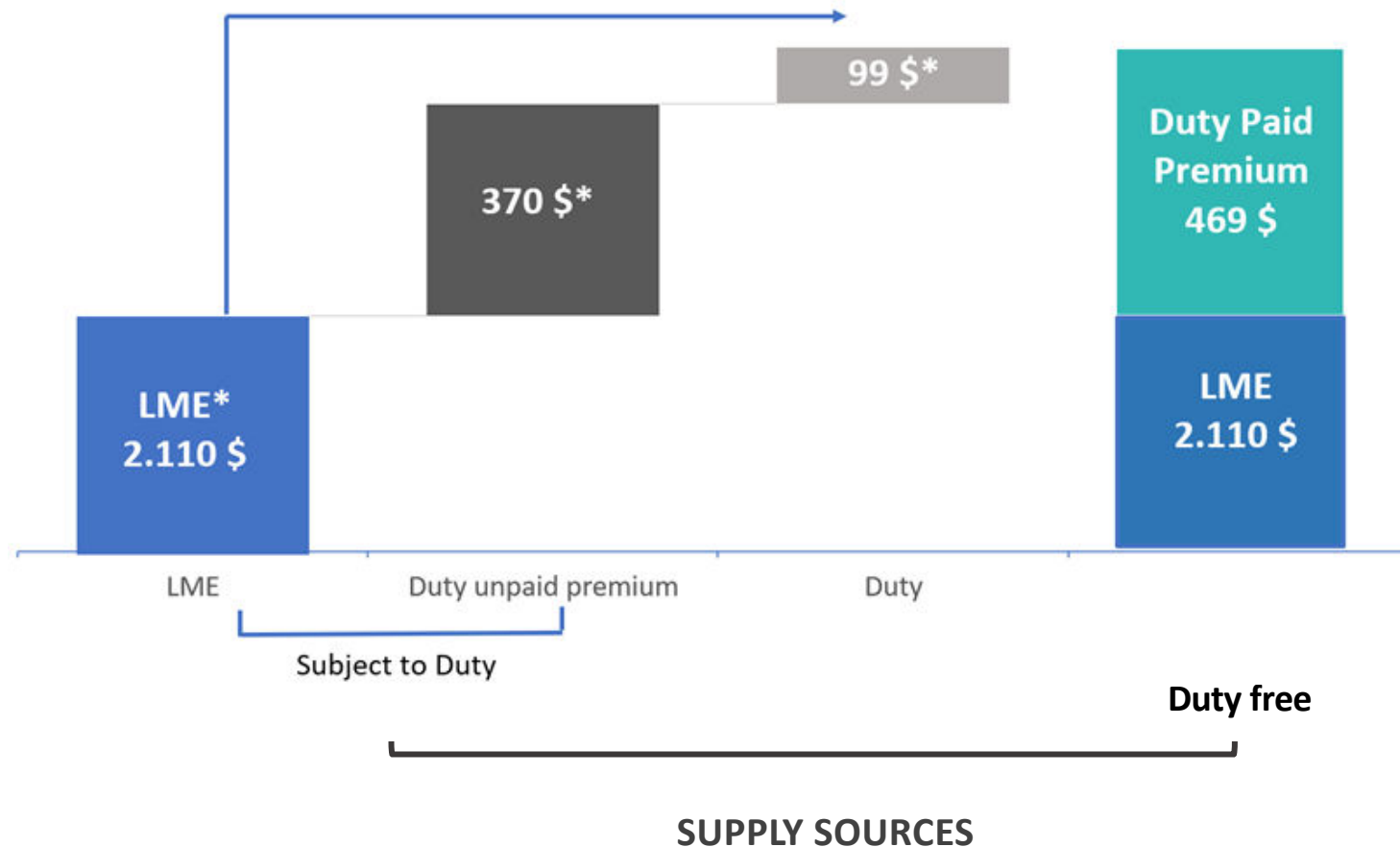
In 2013, following another common initiative supported by FACE, the alloyed slabs and billets duty rate was temporarily reduced from 6% to 4% and a tariff suspension was applied to slabs and billets containing lithium, a niche product, by lowering the import duty from 6% to 0%.

But FACE's parallel request of lowering or zeroing the duty on foundry alloys (code 76.01.208000) was rejected.



IMPORT TARIFFS MAKE A DIFFERENCE

DOWNSTREAM CONSUMERS, PAY MORE THAN SHOULD FOR RAW MATERIAL.
THE EXAMPLE OF ALUMINIUM BILLETS 4% DUTY



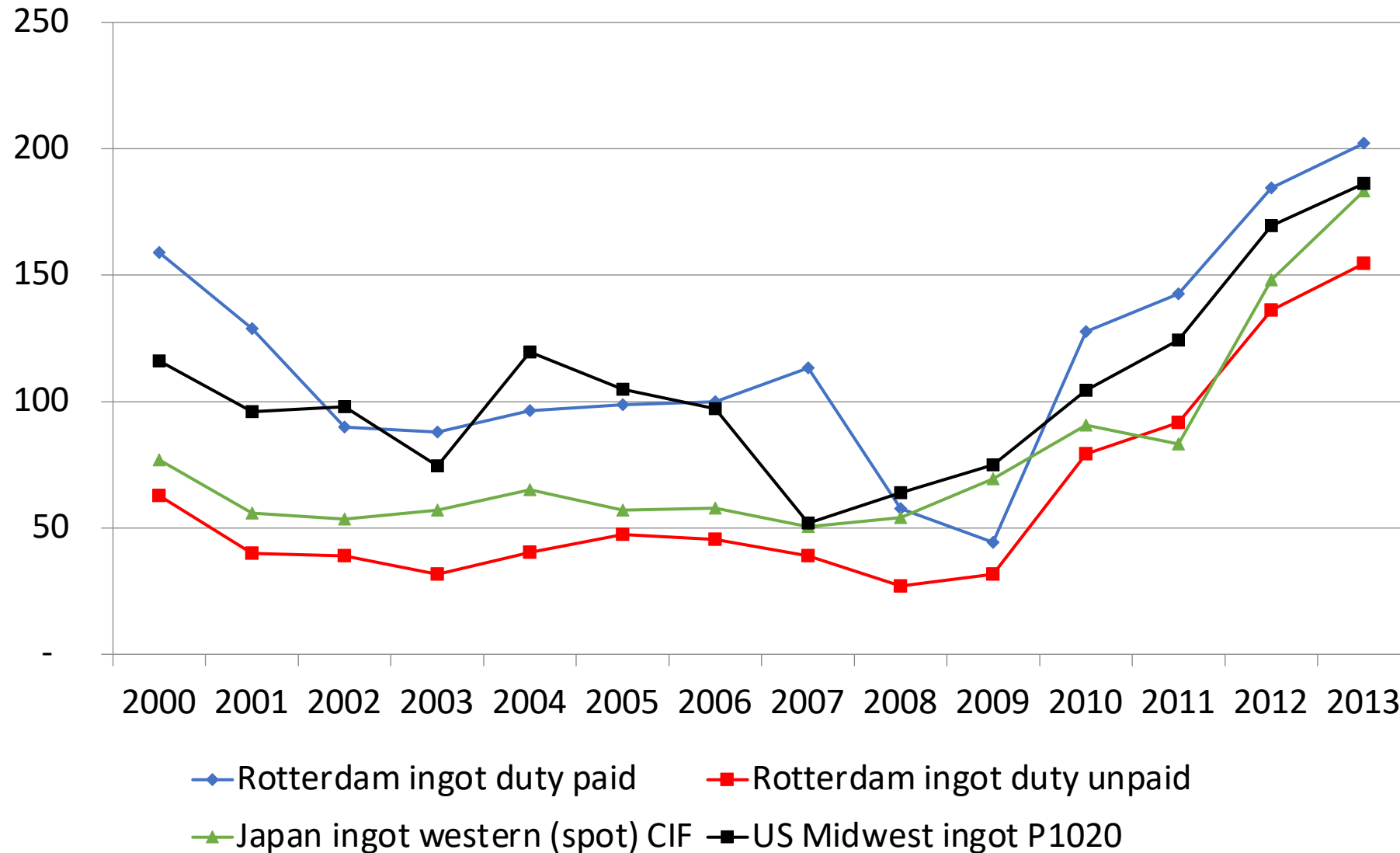
European consumers do not have access to duty-free priced unwrought aluminium in the EU.

All quantities of aluminium in the EU are sold at a duty-paid price, irrespective of their origin

** Based on 2021 figures, data subjected to variation according to Market conditions*

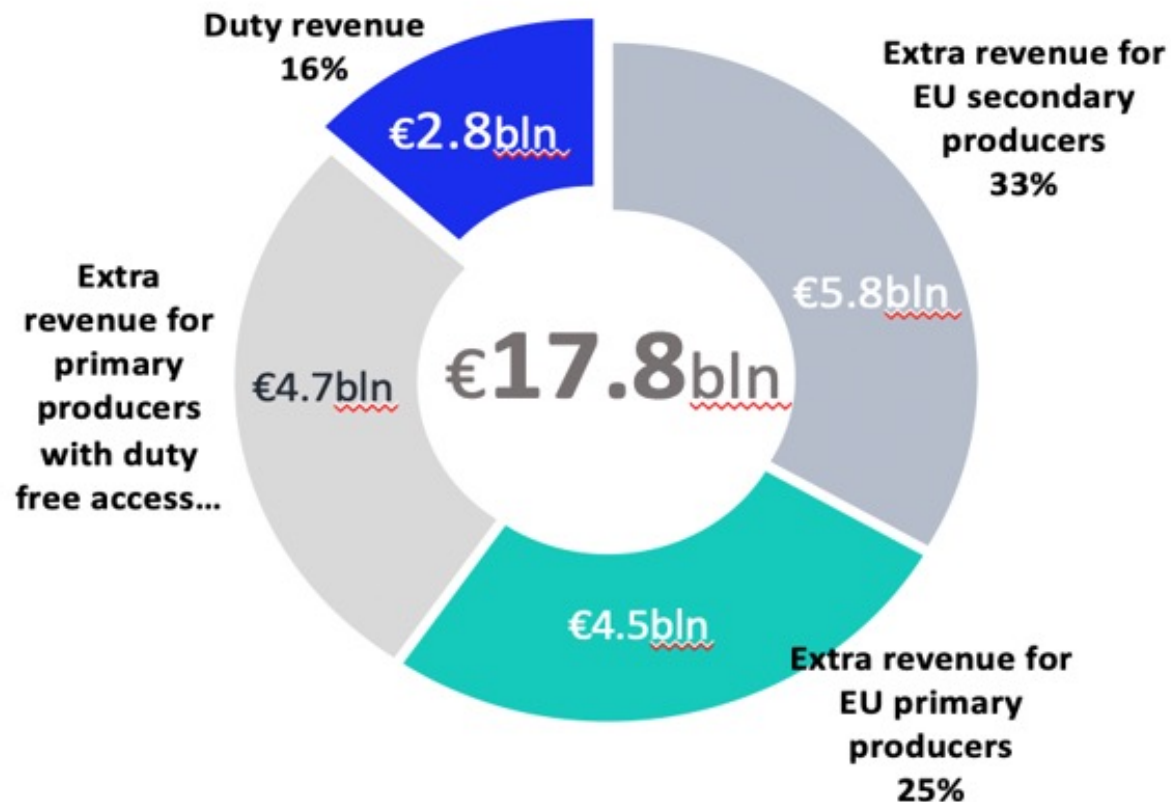
DOWNSTREAM CONSUMERS PAY MORE THAN THEY SHOULD FOR RAW MATERIAL

THE CASE OF ALUMINIUM BULLETS (4% DUTY) ALREADY PRESENTED BY LUISS UNIVERSITY 10 YEARS AGO



EXTRA COSTS FOR DOWNSTREAM ARE A «HIDDEN SUBSIDY»

THE STRUCTURE OF DUTY EXTRA-COST FOR DOWNSTREAM



- LUISS estimated the impact of duties on revenues and costs.
- 2000-17 cumulative **extra-costs** for EU-28 downstream producers was estimated at **€17.744bln.**
- **Only 16% of these costs realized in EU duty revenue.**
- The major part transferred to extra-revenue of EU primary and secondary Al producers.
- Also, **25% of costs** translated into **extra revenue** for **primary Al producers with duty free access** to EU-28
- EU downstream SMEs are unwillingly "subsidising" EU and non-EU producers.
- On average, EU SMEs pay € 80 more than they should per ton of unwrought aluminium purchased.



PIILING UP OF EXTRA COSTS IS A MAJOR THREAT

THERE IS A RISK OF DISAPPEARENCE OF THE EU ALU INDUSTRY

€ 1 bln

Extra costs for EU downstream producers from EU import tariffs on raw aluminium (€24 bln for 2000-24)*

€ 5,8 bln

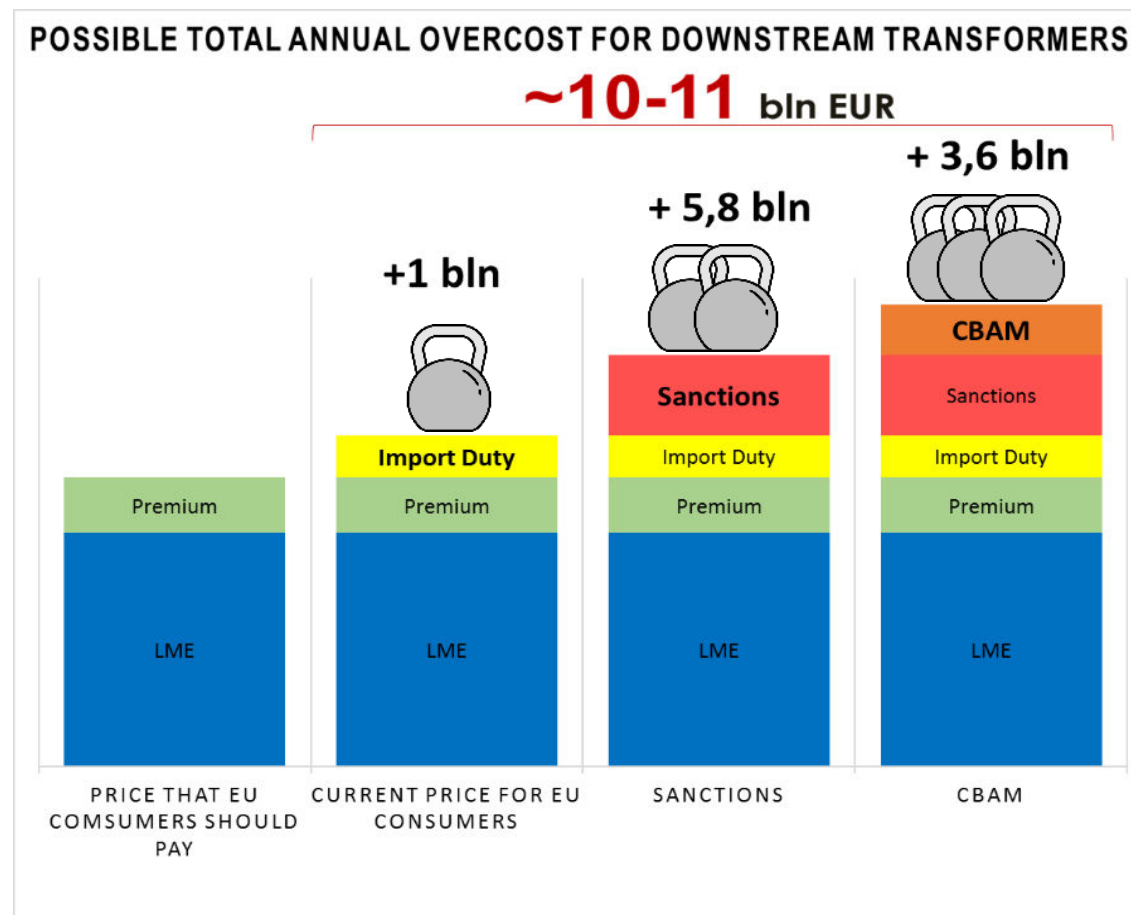
If implemented, from annually higher market premiums in a post-sanctions / ban scenario on all Russian EU imports**

€ 3,6 bln

Estimated costs that will be passed down to consumers from the Carbon Border Adjustment Mechanism**

= up to € 11 bln

Annual extra costs that risk killing the EU aluminium industry.



* LUISS University estimated 2000-17 cumulative extra-costs for EU-28 downstream producers at €17.8 bln and €1 bln per annum ([LUISS Study \(all documents\): The European Union Aluminium Industry, the impact of the EU trade measures on the competitiveness of downstream activities \(face-aluminium.com\)](#))

** FACE estimates



PIONEERING ROLE ON CBAM

In 2019, FACE was the first industry association to tell the EU and national governments that the Carbon Border Adjustment Mechanism (CBAM) was a bad idea that would cost 3,8 bln euros annually. The figure was recently confirmed (2025) by ODDO BHF Metals (4,1 bln).

CBAM is a complex bureaucratic mechanism that does not achieve its stated goal.

FACE suggested since the beginning two alternative solutions:

- Liberalisation of low carbon aluminium imports
- Incentives for the development of the EU downstream



FREE TRADE AGREEMENT WITH UAE AND COOPERATION WITH GULF COUNTRIES

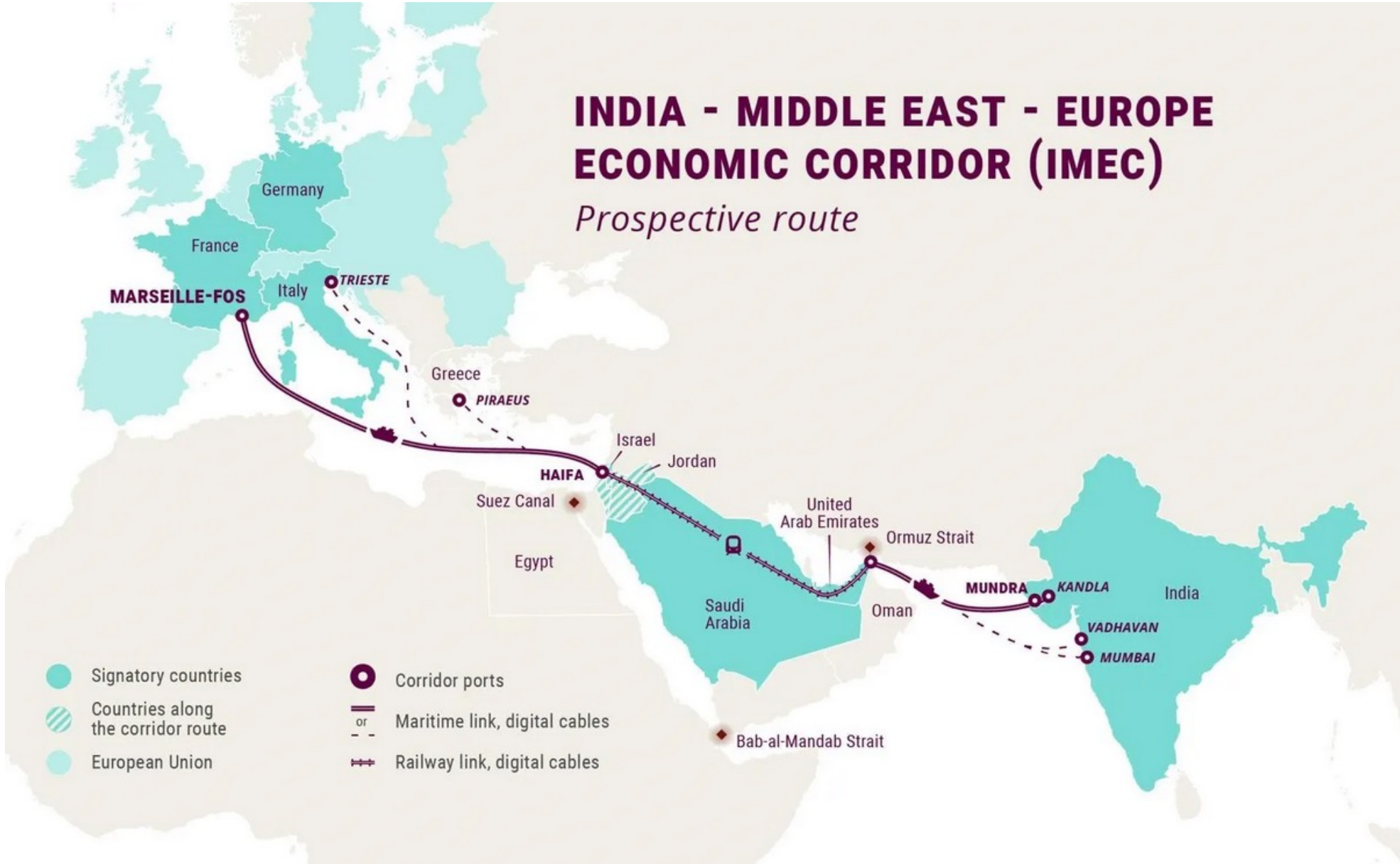
FACE was among the first to welcome the announcement of negotiations for a Free Trade Agreement between the European Union and the United Arab Emirates.

We hope this will spark FTAs with other Gulf countries and a global agreement between the EU and the GCC.

This trend should extend to India, with whom negotiations are also underway, and Indonesia.

This is also in line with the India – Middle East – Europe Economic Corridor (IMEC).

THE IMEC PROJECT FRAMEWORK TO STREAMLINE THE TRADE ROUTES FOR GOODS AND MATERIALS



FACE

FEDERATION OF ALUMINIUM
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Thank you

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