

# FACE vs DUTY

10 years on the battle field has enabled **FACE** to break the chain of the duty on raw primary aluminium and to obtain the support of the European aluminium system for its total abolition

## **A GREAT RESULT ... BUT THAT'S NOT ENOUGH**

Today **FACE** and the European aluminium industrial system are asking for the immediate **abolition of the duty on non alloyed metal** and the **temporary reduction to 3% on alloyed metal**



# THE TRUTH ABOUT THE EU TARIFF ON ALUMINIUM

**THIS DOCUMENT BY FACE  
PRESENTS THE TRUE CASE**



## **I The damage and distortions the tariff imposes on the market and companies**

**Do you Know** that whilst the European Union for years has applied a 6% import duty on primary aluminium (and since 2007 a 3% duty on non alloyed) it has not had sufficient internal production to satisfy 50% of its own demand? In 2008 more than 60% of the primary aluminium requirements of the EU, had to be imported.

**Do you Know** that within the EU the price paid by semi fabricators and casters for extrusion billets, foundry alloys and rolling slab is based upon the world market prices plus 6%.

**Do you Know** that Russia is the second largest supplier of primary aluminium into the EU but does not have the duty free status? However, 60% of the primary aluminium metal that enters the EU from Russia, is purchased under duty suspension conditions to the benefit of some European producers.

**Do you Know** that within each single industrial chain the duty tariff gets higher the further away it goes from raw materials, (for aluminium, we have 4% on alumina, 6% on alloyed primary metal and 7.5% on semi-finished products)? However there are transformers from 53 extra EU countries with preferential trade agreements who pay no duty on primary aluminium but who are allowed to export aluminium semi finished products into the EU duty free therefore circumventing the protection of the 7.5%.

**Do you Know** that the European aluminium industry has over 250 thousand employees (over 25 thousand in Italy) and that 90% of them operate in the downstream transformation and manufacturing industries, the sectors that are penalized by the tariff, whilst only 10% are employed in the raw materials sectors, which for years has benefited from the tariff? Therefore the duty benefits a minority of the industrial chain and penalizes 90% of the chain which is made up of small and medium sized transforming and manufacturing companies.

## **2 Which aluminium products does FACE seek to change the tariff?**

**Do you Know** that the request for the abolition of the duty on primary aluminium made by FACE to the EU over 10 years ago concerns only alloyed and not alloyed primary aluminium (customs code 7601-1000 and 7601-2010)?

**Do you Know** that the majority of Italian integrated remelters

are in favour of a tariff reduction of primary aluminium metal as this will reduce the price of their feed stocks and help stimulate recovery and recycling of aluminium in the production of formats like billets and slabs?

### **3 The real cost of the duty for European transformers**

**Do you Know** that the EU import tariff on primary aluminium keeps the price of EU metal in all its forms and states higher than all other areas of the industrialized world? This makes the EU market for primary aluminium unique, isolated, anomalous and characterized as uncompetitive respect to all other macro areas of the world, in particular Asia and the United States.

**Do you Know** that the 6% import duty on primary aluminium costs EU transformers and users between 1 and 2 billion euros a year (based upon historical LME metal prices)?

Do you know that 55% of primary metal imported into the EU comes from three countries (Norway, Iceland and Mozambique) who have duty free status but sell at duty paid prices?

**Do you Know** that EU aluminium transformers and producers using aluminium billets, slabs and casting alloys pay up to \$200.00 more per metric ton for primary aluminium than their extra EU competitors.

**Do you Know** that EU aluminium transformers consistently see their level of demand and production reducing whilst imports

from extra EU countries are increasing because the tariff on primary aluminium has created an unfair distorted competitive position? The primary producers who for years have been closing EU primary smelting capacities, are reinvesting in new smelters in more advantageous locations. For the survival of EU downstream companies that continue to create work and wealth it is now essential to remove the duty on primary aluminium imports to provide them with a level playing field against their extra EU competitors.

## **4 The position of the EU and Italy in relation to access to raw material**

**Do you Know** that the elimination of the aluminium duty is in complete harmony with the fundamental pillars of the EU raw material trade strategies (ie. to guarantee access to European companies at the same prices as other competitors; to correct actual market distortions and guarantee equal market conditions within the Union for a sustainable supply)? The request is also supported by the Competitiveness Council and it is in line with the priorities of the EU industrial policy for the support of small-medium sized companies.

**Do you Know** that the position of FACE concerning access to raw materials coincides with that of the Italian Minister of Economic Development, who is sensitive to safeguarding one of the largest industrial wealth generated in Italy ie. the mechanical-manufacturing industry, which needs a sound upstream metallurgical capability.

**Do you Know** that the Italian Minister of Economic Development has asked the EU Trade Commissioner to suspend the duties on a package of essential raw materials, through an official proposal titled "Initiative for the suspension of the import duty of some raw materials" which foresees the zeroing of the duty on some raw materials, like aluminium?

**Do you Know** that this decision proves how important it is to have access to raw material in order to re-launch the Italian and European manufacturing industry?

## **5 The role of FACE to abolish the duty on primary aluminium**

**Do you Know** that FACE is the only voice representing the downstream aluminium industry in Europe that has been fighting against the duty on primary aluminium since 1999?

**Do you Know** that FACE defends the interests of over 90% of the aluminium industry operating in the downstream transforming and manufacturing industry, the sectors penalized by the duty?

**Do you Know** that before the foundation of FACE, the case of the import duty on primary aluminium was never put on the agenda of the WTO?

FACE is the only association amongst the aluminium operators which has brought out into the light and reported on the scandals and the trade distortions caused by the duty, like the irregular triangulations through fiscal havens in the Caribbean, the traffic of claim drawbacks, the disinformation campaigns

conducted by the associations controlled by large producers, before which the question of the duty remained buried under the sand for decades. Who was looking after these issues for the aluminium sector?

**Do you Know** that shortly after its foundation, FACE received the support of 20 EU governments for the suspension of the 6% duty?

**Do you Know** that in 2007 FACE was committed in supporting the compromise proposal for a 3 year temporary reduction carried forward by the EU Commissioner Peter Mandelson and which concluded with an agreement to reduce the tariff from 6% to 3% only on unalloyed primary aluminium 7601 1000?

**Do you Know** that at the beginning of 2010 FACE declared its willingness to consider the gradual revision of the duty tariffs from 3% to 0% for non alloyed metal and a reduction from 6% to 3% for alloyed metal excluding secondary aluminium from the revision, customs codes 7601 2090 and 7601 2091? This is because of the importance of recycling activities in feeding the industrial chain with formats of secondary origin (extrusion billets and rolling slabs).

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*Federation of Aluminium Consumers in Europe*

# FACE **for** YOU



**FACE** defends the interests of independent European aluminium transformers, foundries, end users

**FACE** defends **YOUR** interests

**BECOME A MEMBER OF FACE**

HELP US DO OUR BEST  
Join us in the battle against the duty

**To become a member contact**

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