



Joint Statement of Aluminium Associations To Urge G7 Leaders to Take Decisive Action Against Aluminium Overcapacity

25 July 2019

As aluminium association leaders, we have for many years expressed our deep concern about unfairly subsidized overcapacity and other market-distorting behaviour that undermines the sustainable growth of the aluminium industry. The prominent OECD report released earlier this year, "[Measuring distortions in international markets: The aluminium value chain](#)," highlighted how non-market forces were responsible for some of the recent increases in aluminium smelting capacities, with impacts throughout the value chain.

The OECD report suggested improvements to the design of trade rules, as well as the need to investigate government support throughout the whole value chain and to better account for the influence of state actors, especially given the dual role of State Owned Enterprises (SOEs) as both recipients and providers of support. The report estimated the state support received by 17 international companies using publicly available information. While most government support was provided in the primary aluminium segment, the OECD demonstrated that the support also provided meaningful benefits and advantages to production further down the value chain. In total, these companies have received up to USD 70 billion in different forms of support over the 2013-2017 period. Notably, 85% percent of the documented subsidies went to just five Chinese firms.

The latest B7 joint statement published earlier this month is very much aligned with the outcome of the OECD report. The B7 recommends building "a better framework for industrial subsidies and the treatment of state-owned enterprises," urging governments to adopt policies that result in verifiable and measurable reductions in excess capacities and allow for market-oriented growth.

Our goal is free and fair trade

We are very appreciative of the way Governments, institutions and businesses converge on the issue of excess capacity for which evidence is widely available and shared – as confirmed by the OECD report. Yet, time is running short as aluminium producers are under stronger pressure than ever. What we need now is a solution that is designed for the aluminium sector to ensure a sound future for all stakeholders, including in countries that have benefited the most from government support. It is vital that the chosen pathway be inclusive of the whole value chain. It must be market driven, multilateral, based on multi-stakeholder engagement, transparent, reliable, comprehensive, verifiable and enforceable.

Reinforced by the strength of the OECD report, we hereby reiterate our call for global political leaders to begin the process of setting new, more effective rules on subsidies and SOEs to put an end to such distortive practices. We believe that this is an issue that should be addressed by G7 leaders, finally paving the way for a multilateral approach to resolve similar conflicts in other sectors as well. Like the



B7, we hope that trilateral discussions between the United States, Japan and the European Union can rapidly bring concrete proposals in this area.

Given the extent and duration of the prejudice suffered by our sector, we are calling on the G7 to take the lead for focused and decisive action. On behalf of all our members, we stand ready to support Governments and international organisations with our knowledge, data and commitment to define new trade rules and operational and regulatory mechanisms by which all the producers and downstream players, wherever they reside in the aluminium value chain, will find trust, transparency and fairness.

A handwritten signature in black ink, appearing to read 'Jean Simard'.

Jean Simard
President and CEO
Aluminium Association of
Canada

A handwritten signature in black ink, appearing to read 'Heidi Brock'.

Heidi Brock
President and CEO
The Aluminum Association

A handwritten signature in black ink, appearing to read 'Gerd Götz'.

Gerd Götz
Director General
European Aluminium

A handwritten signature in black ink, appearing to read 'Yoshihisa Tabata'.

Yoshihisa Tabata
Executive Director
Japan Aluminium Association