Foreign Subsidies White Paper: An encouraging step towards tackling unfair competition in the metals sector

- Europe’s metals industry welcomes today’s foreign subsidies white paper, and its measures for addressing the negative impacts of foreign subsidies on the EU internal market
- China’s state-subsidisation of its metals industry has led to unfair global competition in our sector, with major overcapacities leading to artificially depressed global prices and rising imports
- A strong EU response is required in the absence of a reformed World Trade Organisation to tackle the impacts of these subsidies safeguard European industry as it recovers economically from COVID-19

Brussels, 17 June 2020: “Today’s Foreign Subsidies White Paper gives a vital framework for Europe to begin addressing the impact of distortive foreign subsidies on the EU internal market. With the World Trade Organisation currently in disarray, Europe’s metals industry needs bold EU action to establish fair competition alongside our economic recovery from the COVID-19 pandemic”, Guy Thiran, Director General of Eurometaux (European metals association) stated in response to the European Commission’s White Paper announced today.

“China’s industrial programme of massive government pricing interventions and subsidies has led to overcapacities in several metals sectors since the 2008 financial crisis, negatively impacting the European market. As world regions now begin their recovery from COVID-19 at different speeds, European metals producers will be particularly vulnerable to further distortions. We’re encouraged the European Commission is making it a central industrial priority to strengthen its toolbox for addressing the real-life impacts from damaging foreign subsidies”.

China has invested heavily in its strategic metals industry in the last decade, through a programme of industrial support and state subsidisation. It is now the dominant producer of almost all metals, producing around 50% of global base metals and over 90% of critical metals like rare earths. An OECD report concluded that five Chinese firms received over 85% of the subsidies dealt out to 13 examined aluminium companies from 2013-2017, which overall amounted to USD 70 billion in support.

Europe’s metals industry is grappling with wide-ranging economic impacts from the COVID-19 pandemic. Depressed demand from automotive and construction sectors, surpluses of several metals, and low global all mean that Europe’s metals producers now need full EU support in their recovery. Their revival will only be possible with the guarantee of a global level playing field – otherwise Europe risks losing further industrial capacity as it did after the 2008 financial crisis.

Guy Thiran continued: “Our manufacturing base in Europe is already impeded by artificially depressed prices and rising imports from China and other areas of the world. We see wider issues from EU companies being acquired by foreign subsidised entities, sales below production costs, and abnormally low tenders in public procurement. It’s crucial that the European Commission’s level of ambition in today’s White Paper is kept high in subsequent stages to deliver real results. The metals sector is ready to contribute its expertise in the consultation that follows”.

Contact: Chris Heron, Communication & Public Affairs Director | heron@eurometaux.be | +32 (0) 493 18 89 63

About Eurometaux: Eurometaux is a trade association representing the collective European non-ferrous metals industry, including smelters, refiners, transformers and recyclers of all non-ferrous metals produced industrially in Europe. In total the industry employs 500,000 people across over 900 facilities, with an annual turnover of €120bn. Our 2050 Blueprint outlines the framework conditions required for transitioning towards climate-neutrality