



FACE HISTORY AND PRESENTATION

The Federation of Aluminium Consumers in Europe (FACE) is the voice of **Europe's aluminium consumers**.

Since its founding in May 1999, FACE has advocated for a **fair playing field for the continent's downstream aluminium as well as promoting its economic, social, and environmental advantages**. The association represents many of the top aluminium downstream European companies and include two additional foreign observer members, FACE direct members used 780,000 tonnes of aluminium in 2018.

FACE's main goals are:

1. Achievement of **fair trade** in primary aluminium and aluminium products across all markets and in all countries;
2. **Promotion of aluminium** and aluminium products as a superior choice due to its significant economic, social, and environmental advantages
3. **Continual assessment and evaluation** of new and emerging technologies for the production, semi-fabrication, trade, and applications of aluminium and its alloys.
4. **Stimulating demand for aluminium** by reducing the cost of primary metal and supporting the development of aluminium scraps collection and of secondary metal refining and remelting, assessing and evaluating new and emerging technologies and standards for the production, semi-fabrication, trade, and use of green/sustainable aluminium with lower CO2 imprinting.
5. **Increase membership of the the association**. FACE promotes a positive image of the downstream aluminium sector via outreach to the press and education for the public, and provides a forum for sharing of technological expertise, best practices, economic and statistical data and analyses, and other informations of interest and benefit to the European downstream aluminium sector

Since its creation, **FACE has spearheaded several lobbying efforts** on behalf of the downstream aluminium sector and has always sought fair trade within the aluminium sector. The work of FACE has been mostly championed towards the **removal of the 6% tariff on unwrought aluminium imports which has disproportionately damaged the EU downstream sector while advantaging big upstream integrated companies**. FACE acted as the missing link between aluminium consumers and Europe's policymakers by changing perceptions, establishing dialogues, educating decision makers, and presenting sustainable and convincing arguments on behalf of the whole industry.



FACE's action already allowed to get two partial but significant tariff's suspensions: one in 2007 at 3% for unwrought not-alloyed primary aluminium, and another in 2013 at 4% for aluminium alloyed billets and slabs.

In the last decades of the last century a 6% import tariff was enforced in Europe on primary alloyed and not alloyed aluminium. **The tariff originally served as a protection against unfair foreign competition to European businesses.** The EAA, European Aluminium Association, was at the time the sole voice to speak on behalf of the entire EU aluminium industry; with a membership mostly comprised of primary producers its position has been, and still is, to preserve the import tariff for the longest time possible.

during the early 2000s, the primary production sector faced a deep restructuration which modified the industry, the number of companies decreased and oligopolies emerged. The question around the conservation of the tariff polarized the position between raw metal producers, for whom the tariff was beneficial, and downstream semi fabricators, for whom the tariff was detrimental.

Introduced to protect the European smelters from international^[1] competition, **the tariff has translated^[2] into artificial costs for downstream^[3] SMEs of up to €1 billion annually**, while doing nothing to stave off the decline of primary aluminium production in EU. The current EU tariff structure causes market distortions, which lead to charging an artificial over cost at the expenses of the transformers and final users, who are the vast majority of the European aluminium industry, representing 92% of its workforce. The damage has been over 1 billion annually for the aluminium downstream, more than half of that amount benefits the EU-based and foreign duty-free suppliers of unwrought aluminium.

Observing the harm being done to European SMEs, FACE managed to convince EU institutions on two occasions to enforce a temporary reduction on the tariff duty: the first time was in 2007 **with a temporary reduction of 3% on unwrought unalloyed aluminium**, a great result because after years the damage caused by the tariff on the myriad of companies downstream of aluminum was acknowledged.

In 2011, in full support of FACE's critical positions on the negative effects of the duty on raw metal, **a report commissioned by the Commission and conducted by ECORYS** highlighted the need to deeply review the current tariff regime of unwrought aluminium.

Among their several findings, the Ecorys study stressed that the tariff did not protect EU primary production as it was inexorably diminishing over time, whereas investments to expand production having taken place by the same companies outside of the EU.



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And they observed that, at the same time, the demand for primary aluminium imports to the EU increased substantially. **They concluded that there were no serious grounds for having import tariffs on unwrought metal.** Even using import tariffs as a form of compensation for high energy costs did not address the basic competitiveness issue of the high cost of energy for EU producers.

Supported by these important confirmations, Face intensified initiatives to change the tariff regime for raw aluminum, carrying out initiatives that ended in 2013, with another positive result, anyhow still largely insufficient to eliminate the distortions caused by the tariff.

In fact, **following a change of aluminium Customs Codes** with the disappearance of the distinction between primary and secondary metal, introduced by the pressure of the metal producers, **another temporary reduction was obtained**, with some decrease on the duty for alloys in the form of slabs and billets, but unfortunately without any advantage for the foundry aluminum alloys users:

1. duty of 3% on unwrought unalloyed aluminium;
2. duty of 4% on unwrought alloyed aluminium for plastic transformation (i.e. billets and slabs);
3. duty of 6% on unwrought alloyed aluminium for foundry castings.

Clearly, the disappearance of the distinction between primary and secondary metal in customs codes appropriately safeguarded the interests of the secondary aluminium operators but retained the privileges for a primary production in EU practically disappearing and relocating.

Observing the disinterest of other trading associations towards the protection of transformers, FACE ordered **two studies at the LUISS university of Rome in 2015 and 2019 to investigate the competitiveness of the aluminium downstream sector.** The findings of these two studies consolidated the conclusion of the previous FACE analysis and of the ECORYS report, and developed them further:

- the duty on primary aluminium penalized the downstream segment – in which typically operate SMEs characterized by high added value productions and by product and process innovations – while favouring primary big aluminium producing firms;
- the duty is not meant to protect unexploited local production capacity, nor to favour an increase in the domestic production of primary aluminium as it has not stopped the delocalization of EU smelters;
- the duty increased unitary production costs of downstream companies, introducing a cost disadvantage to EU manufacturers of semi-finished products compared to foreign competitors globally of more than 1 billion euros/year in the last 20 years;
- the moratorium will lead to further loss of competitiveness of the EU downstream and to the deterioration of independent SMEs.



Altogether, both the ECORYS report and LUISS studies converge and validate what FACE has been saying for 20 years: the removal of the import tariffs on unwrought aluminium has become a necessary measure to ensure the development of the entire EU downstream sector.

With the start of the new von der Leyen's Commission, FACE strives to ensure the removal of the tariff through extensive lobbying efforts.

FACE stands united with the aluminium industry and will always seek fair trade practices within our aluminium sector. FACE's next path will be to split the interests between the primary and secondary aluminium producers, then define a differentiated customs route for primary metal - primary alloys, and secondary metal and secondary alloys, then implement the differentiations within the primary aluminium productions, with the criteria of low carbon imprinting .

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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. (face-aluminium.com).

Contacts:

Mario Conserva, Secretary-General

Tel : +39 335 719 43 59

Email:mario.conserva@edimet.com ; m.conserva@face-aluminium.com