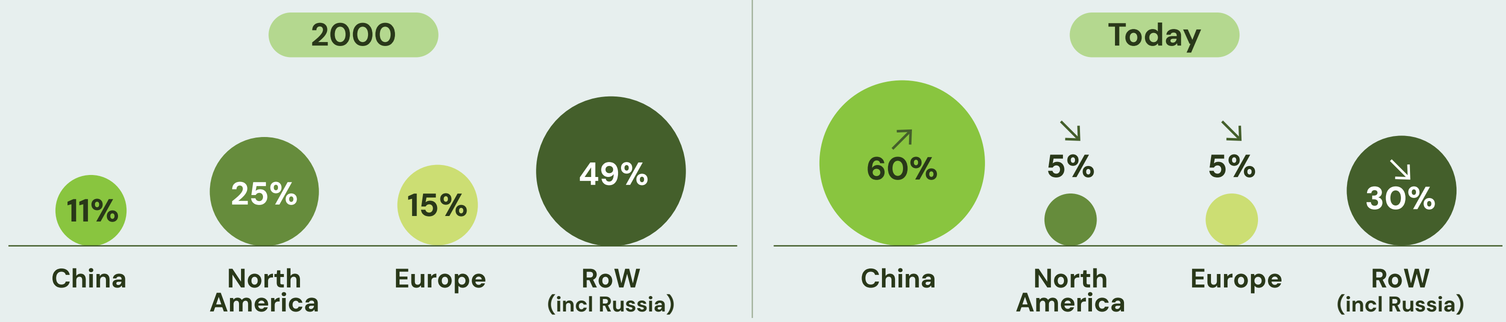
Chinese Subsidies Have Devastated Global Aluminum Markets and Fair Competition

Share of Global Primary Aluminum Production



Why did this happen?

Massive, unfair government subsidies from the Chinese government to its aluminum sector.

Subsidies peaked in 2009, when ~14% of the revenue of Chinese aluminum firms came from government support. Even today, ~4.4% of revenue comes from state subsidies.

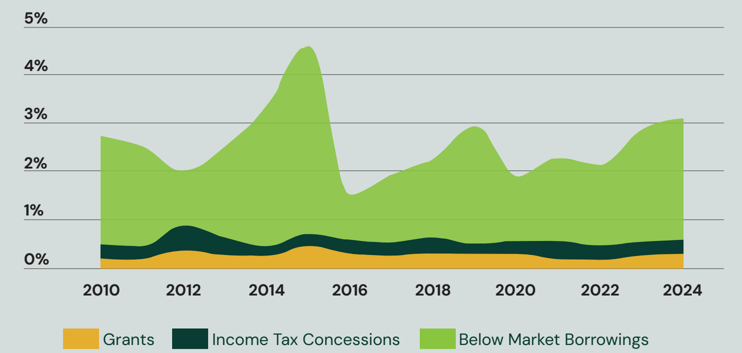
State support in China is nearly 9X the level of competitors in OECD countries (0.5%).

86% of all global aluminum subsidies since 2005 have gone to Chinese aluminum producers, and fully 92% in 2024.

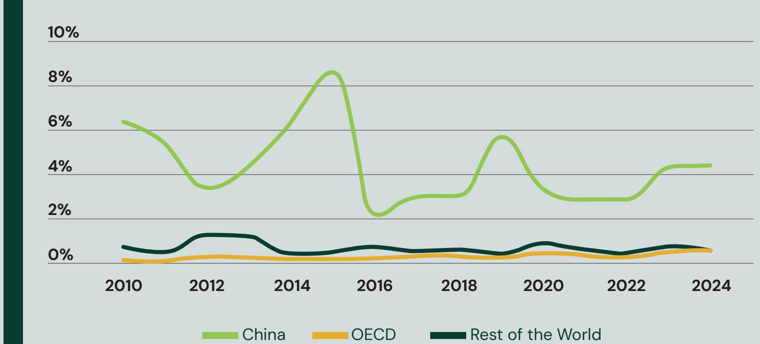
China's industrial sector, including aluminum, is dramatically over-subsidized compared to the rest of the world

In 2024 alone, China accounted for 92% of global aluminum subsidies ($10.2 billion of $11.1 billion).

Average Aluminum Industry Subsidies By Instrument



Average Aluminum Industry Subsidies By Firms' Headquarters Location



Source: OECD MAGIC database.

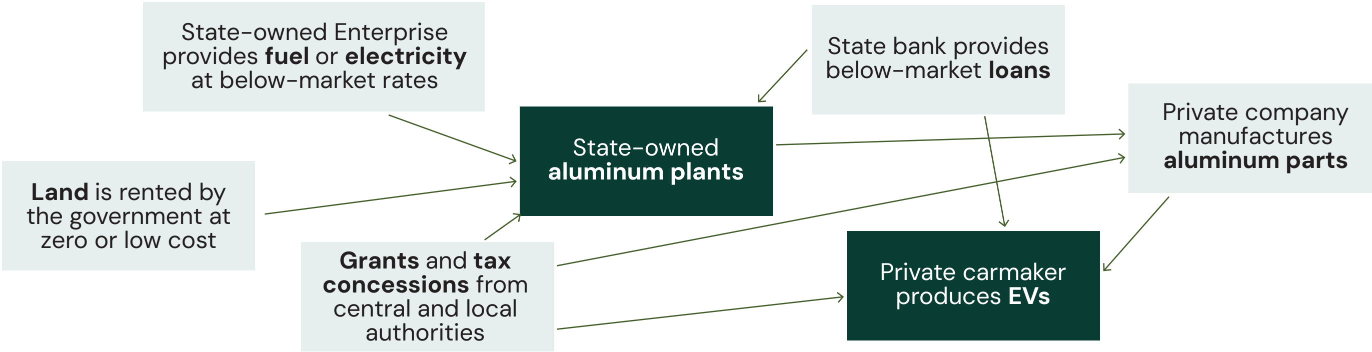
The Aluminum Association

Aluminium Association of Canada

European Aluminium

Japan Aluminium Association

Massive subsidies and non-market incentives drive aluminum output in China.



The global aluminum industry can compete with China on a level playing field – but NOT with the Chinese government.

- China is using the same playbook in semi-fabricated and recycled aluminum markets that devastated Western primary aluminum firms
- Despite an official 45M metric ton production cap on primary aluminum, China is continuing to make major investments in third countries like Angola, Indonesia and Malaysia.
- The impact of China's new push into semi-fabrication puts downstream markets ranging from defense to transportation to the electric grid at serious risk of disruption
- Chinese recycling plants operate at 30 -35% capacity yet continue massive expansion, making it a major driver of aluminum scrap leakage from G7 countries

China's global market dominance:

- Creates over-reliance on Chinese supply chains threatening national security
- Reduces returns and growth opportunities in the rest of the world
- Threatens jobs in strategically critical industrial sectors
- Increases global carbon emissions in the sector

How unfair Chinese subsidies hurt aluminum firms around the world

~70% of primary aluminum jobs lost in North America since 2013

~24 U.S.-based primary aluminum smelters in 2000 **down to 5 today**

~23 EU-based primary aluminum smelters in 2000 **down to 9 today**

Both European and American officials have uncovered significant fraud and tariff evasion by Chinese producers

What can G7 countries do?

1. Harmonize trade enforcement tools and import monitoring across G7+ countries to offset China's massive subsidies.
2. Remove barriers to long-term power purchase agreements and create incentives for "all-of-the-above" aluminum production in G7 countries.
3. Increase the supply of available scrap and drive toward 100% aluminum recycling rates
4. Support R&D to accelerate the development of new production and recycling technologies

To learn more, visit: **aluminum.org** | **european-aluminium.eu** | **aluminium.ca/en/** | **aluminum.or.jp/english/**

Sources

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