European Metals' Submission to the US Section 301 Investigation on Excessive Capacity

About European Metals:

European Metals is the umbrella association representing the interests of the combined non-ferrous metals industry towards EU policymakers. We bring together the companies and associations shaping Europe's non-ferrous metals ecosystem: from upstream mining and refining to downstream use and high-quality recycling. Several companies in the European Metals membership have operations and run facilities in both the US and the EU, showing the strong interconnection of the EU-US supply chain. For more information, visit our website: https://european-metals.eu/

1. European Metals Submission

Systemic over-capacities and unfair trade practices from non-market economies represent a fundamental threat to the EU and US non-ferrous metals industry and to the respective national security. For example, China covers more than half of the global production of processed minerals and metals and is a major EU and US supplier for several critical raw materials.

The large-scale industrial overcapacity from China and other non-market economies is leading to artificially low prices for certain critical raw materials (CRMs). This contributes to discouraging investments in EU and US refining and recycling operations and projects, undercutting European and American producers and making it harder to build domestic supply chains of critical minerals. It also undermines investments in recycling in Europe and weakens the development of a competitive circular aluminium value chain.

Over the last decade, China's rapid expansion of smelting, refining, and recycling capacity of CRMs (i.e. such as aluminium, copper, nickel, lithium, and others) and other battery materials has consistently transformed the global market dynamics. This has further intensified competition for CRMs and is causing substantial price changes. For example, Chinese excess capacity amounts to 17 million tonnes in primary and recycled aluminium.

These non-market economies often benefit from subsidised energy, tax breaks and better market financing that enables them to expand their production[1] and puts them in a more beneficial position compared to industries in Europe, which face much higher energy and

[1] OECD (2025), The state of play of industrial subsidies as of 2023

Avenue de Tervueren 168, 1150 Brussels, Belgium www.european-metals.eu info@european-metals.eu

regulatory costs. This risks accelerating the long-term erosion of industrial capabilities in key segments of the non-ferrous metals value chain across both the EU and the US.

This combination of factors has allowed China to build up dominant positions in the global production of most metals, which in turn allows it to control the price. When investments in Europe are announced, China systematically reduces the price in order to render these investments unviable, and once the European producers are out of the market, they are able to increase the price again.

Similar patterns are emerging in other Asian countries, such as Indonesia and Malaysia, often linked to Chinese investments, as well as in the Gulf region and India. For instance, regarding manganese alloys, India has been the primary source of market harm in both the US and Europe. India is rapidly expanding its industrial production capacity, driven by inexpensive access to plentiful resources, strong government backing, and export-focused strategies. This expansion is adding to existing overcapacity, with surplus production likely to be directed toward international markets, including Europe and the United States.

The root causes of worldwide overcapacity have no foundation in Europe. For example, many European aluminium smelters have shut down in recent years, further increasing Europe's import dependence, showing that the industry is actually facing disadvantages rather than operating with excess capacity. European imports of aluminium have increased overall by 8% between 2024 and 2025, while exports from the EU remain very limited, especially to the US (only 352 kt in 2025, HS 76).

Therefore, the EU, Norway and other European Economic Area (EEA) countries are trusted partners for the United States, and subjecting them to additional Section 301 tariffs undercuts the spirit of last summer's Turnberry framework agreement and would be unfounded.

In this context, we urge Washington to limit any Section 301 actions to true sources of distortion, as mentioned previously, and to honour the Turnberry deal so businesses on both sides can plan and invest. The EU and the US need to remain focused on restoring stability to transatlantic trade, to the benefit of both sides. European manufacturers – and our U.S. customers – require stable, rules-based trade conditions, particularly important for energy-intensive sectors where long-term visibility is essential to enable investments and for sustaining industrial capacity. Section 301 duties on products from allied countries would re-inject volatility and freeze investments on both sides of the Atlantic. Maintaining predictable trade conditions is especially critical at a time when both regions are seeking to mobilise significant investments to secure resilient and diversified critical raw materials value chains.

Allies must cooperate to tackle non-market overcapacity and transhipment. Europe shares U.S. concerns about structural overcapacity, which is not linked to Europe. Section 301 investigations should target non-market distortions, not allied supply chains.

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For instance, high precision aluminium equipment (presses, extrusion lines, cast house gear) from Germany, Italy, Japan and Brazil is not readily substitutable domestically in the U.S. in the short to medium term. Tariffs here would slow modernisation and raise costs for U.S. downstream producers. We therefore request explicit Section 301 exclusions for such capital goods and other critical raw materials supplied by allies.

Tariffing allied materials and equipment would fragment transatlantic supply chains and hand market share to non-market competitors – the very opposite of the shared objective to address Chinese overcapacity.

2. Conclusions

The European non-ferrous metals industry shares the US concerns regarding structural overcapacity generated by non-market economies. However, the reasons mentioned above demonstrated how excess capacity has no foundation in Europe, and the EU non-ferrous metals industry is not contributing to it.

Imposing new measures against the EU will further impair the EU-US intertwined raw materials supply chain. On the contrary, the EU and the US should find a common solution to overcome the existing Section 232 tariffs on aluminium and copper and a shared strategy to ring-fence the respective domestic industry against non-market economies' overcapacity, as agreed in the Turnberry deal.

Contacts:

Dr James WATSON, Director General | watson@european-metals.eu | +32 497 581 368

Mr Carmine CARINCI, International Trade & Responsible Supply Chain Policy Manager | carinci@european-metals.eu | +32 493 19 20 08