

## QUARTERLY GLOBAL UPDATE

Q4 - 2017

### GLOBAL ECONOMY

The International Monetary Fund has confirmed that the global economy during 2017 has been growing strongly and growth will probably be 3.7% when all the details are finalized. That is just short of the normal 4% that was the case before the economic crash of 2007/8 and significantly better than the 3% of 2016. Look no further than the record level of the FTSE 100 and other global exchanges and the fact that on the LME all of the non-ferrous metals apart from tin have grown strongly in value during 2017. At the Davos meeting of the World Economic Forum in January 2018 almost 90% of the CEOs of global businesses were optimistic for 2018 and they identified the UK as the fourth most important country for their business growth after USA, China and Germany. For CEOs in Britain, America remains the top overseas market, followed by Germany and China. But those CEOs also cautioned against challenges ahead, their top concerns being cyber-threats and the availability of a skilled workforce. Just over half of them expect to increase the number of their employees during 2018 while 15% expect to reduce their workforce.

### GLOBAL PRIMARY ALUMINIUM PRODUCTION

An indicator of the expanding global economy could be the annual tonnage of primary aluminium production, since the end uses are many and various, in transport, (land, sea and air) building and construction, (domestic, industrial and civil infrastructure) packaging, (food and drinks and others), electrical applications and a multitude of other end uses. The IAI has just released data on global primary aluminium production for December 2017 and hence for the whole year.

The year 2017 was yet another record for primary aluminium production, at 63,385,000 tonnes. The comparable figure for 2016 was 59,890,000 tonnes, a 6% increase. Interestingly, of the ten regions of the world that report to IAI, only two regions showed an increase in tonnage over the previous year and the others were more or less the same as the previous year. China and Asia (excluding China) were up by 10% and 14.8% respectively. China now accounts for 57% of the global total. IAI has made a significant estimate of unreported tonnages in China, perhaps indicative of the fact that not all Chinese smelters are officially recognised. The increase in the price of primary aluminium on exchanges such as LME during 2017 has meant that primary smelter closures are not happening, as indicated in the data, and one or two are even being taken out of moth-balls. Warehouse stocks are reducing.

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The US Department of Commerce has been investigating whether cheap imports of aluminium, largely from China, have been damaging US producers. Their report is now with the President and a decision should be made within 90 days, so we can expect a decision in or before April 2018. US producers are asking for a 20% duty, but end-user industries are voicing their concern over the effect of such extra duties in increasing prices. European Aluminium (EA), has supported the application made by the Aluminum Association in the USA.

At the moment primary aluminium production in North America accounts for only 6% of the global total production, and the total end-use of aluminium products in USA far exceeds this. Primary aluminium production in North America in 2017 was 3.95 million tonnes and the Aluminum Association report for 2016 shows total producer shipments, including imports, of about 13.2 million tonnes. Formal complaints about imports of semi-fabricated products, particularly from China into USA, are already underway.

### **EU ANTI-DUMPING RULES**

After much discussion between the European Commission and the European Parliament, the EU Council of Ministers has now approved the new EU anti-dumping rules which will come into force in December 2020. The Commission in the past has taken a liberal view on what constitutes dumping, with the onus on the applicants to prove their case. Not surprisingly, the European Parliament, whose members are elected in rather than appointed, has taken a harder line on dumping. In the Parliament the new rules were approved by 554 votes to 48, a majority indeed. The new system will identify imported products whose prices are artificially lowered by state intervention. The best fit for these criteria at the moment are steel and aluminium products that originate from China. According to Metal Bulletin, in 2015 China exported \$3 billion of aluminium products to the EU. It will no longer rest on the complainants to prove the case; the investigation is the responsibility of the Commission. The EA has supported the application of the new dumping rules.

### **ALUMINIUM IN CONTACT WITH FOOD**

The Council of Europe is working on a revision and update of its resolution on metals and alloys intended to come into contact with food. This includes a Specific Release Limit for aluminium and labelling provisions for uncoated aluminium in contact with acidic or salty foodstuffs. European Aluminium represented the industry at a CoE Working Group discussing the review. Experts from EA membership are committed in the coming months to harmonise the labelling requirements across Europe.

## **RAW MATERIAL SYSTEM ANALYSIS**

The European Commission is preparing a new study on raw material systems analysis for aluminium, copper and iron. EA staff attended a workshop at which they gave an overview of the aluminium industry and confirmed that EA is the key contact for the Commission on industry information and data. The resulting study will be the key source of information to be used by the Commission, for example by DG Growth, when developing policies relating to such initiatives as Circular Economy and European Innovation Partnership.

## **CIRCULAR ECONOMY**

The European Parliament, the Council and the Commission agreed in December proposals to change the Waste Framework Directive and the Packaging and Packaging Waste Directive. These are the two cornerstones of the Circular Economy Package proposed by the Commission in 2015. The major outcomes are:

- Recycling measured after the final sorting phase but “standard losses” can be taken into account.
- Less ambitious recycling targets and a complicated derogation clause.
- Metal recovery from bottom ash recognised.
- Landfill cap of 10% in 2035.
- Broadly equivalent EHS conditions on scrap exports recycled in third countries.

## **SUSTAINABILITY ROADMAP**

The EA Sustainability Committee has discussed the status of the implementation of the Sustainability Roadmap and a set of tools to increase its internal and external visibility. The Group is now looking beyond 2025 and discussed ways to align the sustainability efforts with main global trends and goals. The aim is to keep the momentum going and to reinforce the positioning of the aluminium industry as a strong partner to the sustainable economy.

## **ENVIRONMENTAL PROFILE REPORT**

The EA has prepared and submitted for reviewing the Environmental Profile Report, with data sets and environmental indicators for the European aluminium industry for 2015. There are comparisons with the similar report for 2010, to see where and by how much the industry is improving on environmental indicators and moving towards sustainability. The full report and the results of the review should be available to members in Q1 2018.

## EUROPEAN ALUMINIUM PUBLICATIONS

### EUROPEAN STANDARDS

Do you produce, buy or sell aluminium ingot, semi-fabricated products, surface finishing and scrap? Unless the customer specifies the required standard and date on an order, the manufacturer should produce to the relevant European standard, using the most up-to-date version. Are your standards up-to-date? EA, in association with Afnor, the French Standards Institute, has produced a very useful publication, "Catalogue of European Standards in the Aluminium and Aluminium Alloys Field" The catalogue covers the title and date all of the European standards covering aluminium ingot products, semi-fabricated products, including castings, some surface finishing operations and aluminium scrap. If your company is registered with the ISO 9000 family of standards covering quality control you are expected to possess an original copy of the relevant standard, not photo copies.

The catalogue can be downloaded from the EA website [www.european-aluminium.eu](http://www.european-aluminium.eu)

### AluDRIVE NEWSLETTER

The latest edition has been published by EA with information on lightweight electric vehicles, new high strength aluminium alloys, autonomous cars, and the Ducker Worldwide study. ALFED members who are not already receiving this publication should sign up via the European Aluminium website [www.european-aluminium.eu](http://www.european-aluminium.eu)

## ALUMINIUM FEDERATION JANUARY 2018