

Swedish Enterprise's comments on the proposed EU trade measure on aluminium scrap

The Confederation of Swedish Enterprise provides the following comments on the European Commission's initiative to consider trade measures aimed at ensuring sufficient availability of aluminium scrap on the EU market. The comments are based on discussions with affected industry stakeholders and reflect our initial assessment of the proposal. Given the early stage of the process and the limited timeframe, further analysis and consultation will be necessary before any legislative initiative is pursued.

Fundamental concerns regarding export restrictions as a policy tool

Our starting point is one of doubt towards the use of export restrictions as an instrument of EU trade policy. Open markets and free trade remain the most effective means of ensuring competitiveness, innovation, resilience and long-term industrial strength in Europe. Measures that restrict trade flows should therefore be exceptional, narrowly targeted and demonstrably necessary.

The initiative under consideration represents a significant departure from established EU trade policy principles. Export restrictions on aluminium scrap risk undermining integrated global value chains on which European industry depends. Aluminium markets are deeply interconnected, and artificially constraining supply risks distorting prices, reducing market efficiency and creating negative spillovers for downstream users across the EU economy.

The EU has consistently criticised third countries for imposing export restrictions on raw materials and intermediate goods, as such measures limit access, increase costs and weaken competitiveness. Introducing comparable restrictions at EU level risks eroding the Union's credibility as a proponent of open, rules-based trade and exposes European industry to retaliation or reciprocal measures by trading partners.

Risks of policy proliferation, market fragmentation and systemic impacts

A key concern is the precedent this initiative would set. Once export restrictions are accepted as a response to sector-specific challenges, the threshold for applying similar measures to other materials or value chains is lowered, creating a risk that trade-restrictive interventions will become normalised rather than remaining measures of last resort.

This must be seen in light of broader global developments. Since 2020, more than 40 countries have introduced new export restrictions on critical raw materials, and by the end of 2025 the cumulative number had reached nearly 500, more than double the level observed in 2020. Around

86% of these measures now target processed materials and intermediates rather than raw ores, signalling a shift towards deeper intervention in industrial value chains.¹

China, the United States and the European Union together account for over 40% of all new measures introduced since 2020. The EU is therefore no longer merely responding to this trend but increasingly contributing to it. Additional EU export restrictions on aluminium scrap would further reinforce a global pattern of fragmentation, reduced predictability and heightened retaliation risk.²

Such an approach would increase regulatory uncertainty and complicate investment decisions across interconnected value chains. Trade policy cannot be designed in isolation or through narrowly defined sectoral lenses. A system-wide perspective is essential to avoid cascading effects across the economy. Ultimately, any containment of raw material flows is likely to be borne by downstream industries already facing high energy costs, regulatory pressures and intense global competition.

These developments are also relevant from a circular economy perspective. Efficient circular material flows depend on open and well-functioning international markets, allowing scrap and secondary materials to move to where they are processed most effectively. Fragmenting these markets risks reducing recycling efficiency, weakening incentives for cross-border circular value chains and increasing overall system costs.³

Requirements for a robust impact assessment

Given the potentially far-reaching implications across the aluminium value chain, it is essential that this impact assessment is robust, transparent and comprehensive. In particular, it must clearly demonstrate that export restrictions would in practice lead to increased availability of aluminium scrap on the EU market. This causal link cannot be assumed. It must be substantiated with evidence, including analysis of price effects, trade diversion risks and behavioural responses by market actors.

In addition, there is a risk that export restrictions would incentivise circumvention and illegal flows. Experience from other waste streams, including end-of-life vehicles, suggests that tighter export controls can increase incentives for non-compliant operators to move materials outside formal control systems. Given that a significant share of aluminium scrap originates from vehicles and similar products, there is a risk that export restrictions could lead to increased illegal exports of end-of-life products as a means of maintaining access to third-country markets for aluminium scrap.

¹ <https://globaltradealert.org/threads/import-and-export-restrictions-critical-minerals>

² <https://globaltradealert.org/threads/import-and-export-restrictions-critical-minerals>

³ Please also see: https://www.svensktnaringsliv.se/sakomraden/eu/towards-a-competitive-and-circular-europe-swedish-enterprises-sug_1233864.html

The assessment should also examine whether any potential increase in domestic availability would outweigh the negative impacts on downstream industries, recyclers, investment incentives and overall market efficiency.

Furthermore, impacts along the entire aluminium value chain must be carefully evaluated, including effects on processors and end users, as well as implications for EU competitiveness and international trade relations. It is also essential to ensure full compatibility with WTO rules and to carefully consider interactions with existing and ongoing free trade agreements. Measures that undermine legal certainty or weaken the multilateral trading system would be counterproductive in the long term.

Recognising exceptional circumstances without abandoning core principles

We recognise that the current geopolitical and economic context is challenging and that concerns related to resilience, security of supply and strategic dependencies are legitimate. These circumstances may justify closer scrutiny of market developments and, in some cases, targeted policy responses. However, strengthening raw material supply and circularity within Europe should not rely on trade-restrictive measures that risk undermining global recycling systems. Circular economy objectives are best supported through predictable regulation, investment in infrastructure and innovation, and open markets for secondary materials. Export restrictions risk redirecting material flows in ways that reduce overall environmental performance rather than improve it.

Exceptional circumstances should not lead to the normalisation of trade restrictions or a dilution of core EU principles. Any intervention must be clearly justified, proportionate, temporary and subject to robust review mechanisms. It must also be demonstrated that less trade-distortive alternatives are insufficient. This should include measures to improve the underlying economics of aluminium recycling in Europe, such as addressing high energy costs, supporting investment in recycling capacity and strengthening demand for recycled aluminium. If the objective is to retain aluminium scrap within the EU, a much more proportionate approach would be to create stronger commercial incentives for domestic recycling and downstream use. In parallel, the Commission should fully explore other policy avenues, including improving internal market functioning, addressing unfair subsidies in third countries through existing trade defence instruments, and strengthening international cooperation. Such alternatives must be assessed and shown to be insufficient before export restrictions are considered as a measure of absolute last resort.

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