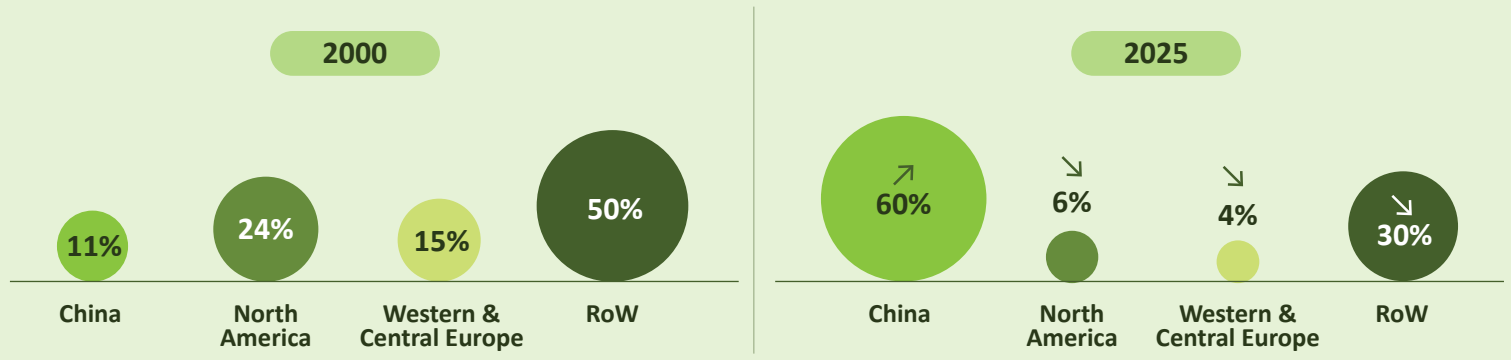


# Chinese Subsidies Have Devastated Global Aluminum Markets and Fair Competition

## Share of Global Primary Aluminum Production



## Why did this happen?

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

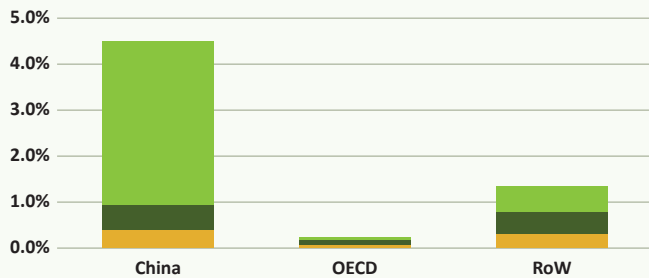
Subsidies peaked in 2009, when ~14% of the revenue of Chinese aluminum firms came from government support. Even today, ~4% of revenue comes from state subsidies.

By contrast, in the rest of the world, state support for the aluminum industry averages about 1% of annual revenue.

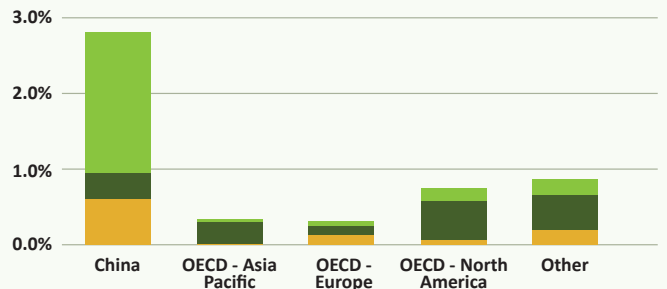
An OECD report found that 85% of the \$70 billion in global aluminum subsidies from 2013 – 2017 went to just five Chinese-owned firms.

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

Average Aluminum Industry Subsidies as % of Firm Revenue (2005 - 2023)

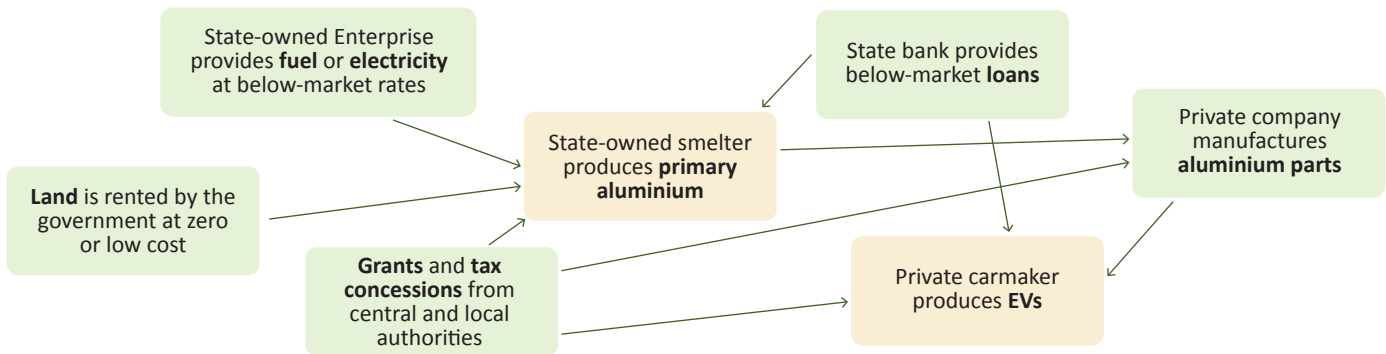


Average Industrial Subsidies for 15 Key sectors as % of Firm Revenue (2005 - 2023)



Grants Income Tax Concessions Below Market Borrowings

## State capture in China drives perverse, non-market incentives for industry overcapacity.



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

China is following the same playbook that devastated Western primary aluminum firms in semi-fabricated and recycled aluminum markets

Despite an official 45M metric ton production cap on primary aluminum, China is continuing to invest massively in third countries like Indonesia and Angola

China's market dominance puts new aluminum markets—from renewables to defense applications—at serious risk of disruption

### 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 4 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



Employ and harmonize monitoring and trade enforcement tools, both independently and collaboratively.

2



Remove barriers to long-term power purchase agreements and create incentives for cleaner production

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](http://aluminum.org) | [european-aluminium.eu](http://european-aluminium.eu) | [aluminium.ca/en/](http://aluminium.ca/en/) | [aluminum.or.jp/english/](http://aluminum.or.jp/english/)

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