

EU considers Russian aluminium ban in new sanctions push

The European Union is reportedly considering more import restrictions on Russian aluminium as part of a new package of sanctions targeting Moscow for its invasion of Ukraine. But any impact is likely to be limited while Russian metal is likely to continue to find new sanction-neutral buyers



The EU's imports of Russian aluminium have already fallen considerably over the past two years

Aluminium gets a short boost

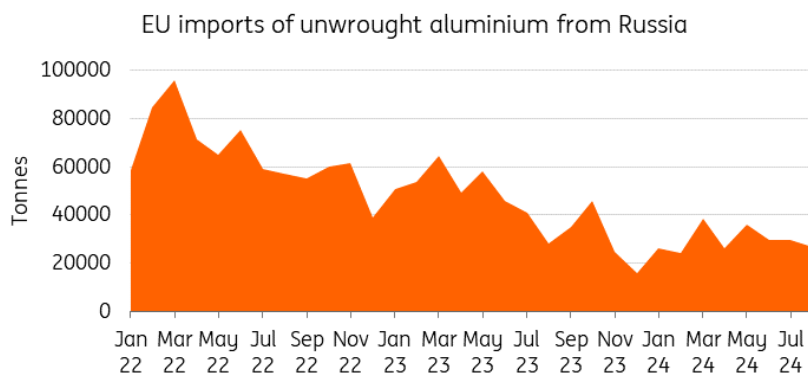
LME aluminium prices touched their highest in nearly a month this Wednesday, topping \$2,600/t following the news that the European Union is considering more sanctions on Russian aluminium products. Prices later gave up the gains.

The draft measures would be part of the EU's 16th package of sanctions, marking the third anniversary of the war. Restrictions on aluminium would be gradual, with a timeframe and scope still to be determined, according to reports. The draft proposals are still being discussed between member states and could change before they are formally presented. The EU is expected to adopt the new measures next month.

The US and the UK banned the import of metals produced in Russia [in 2024](#). The EU has so far banned aluminium products, including wire, tube, pipe and foil, which account for less than 15% of EU imports.

Russia is the world's largest aluminium producer outside China, accounting for about 5% of global aluminium production.

EU's imports of Russian aluminium have fallen over the past two years



Source: UN Comtrade, ING Research

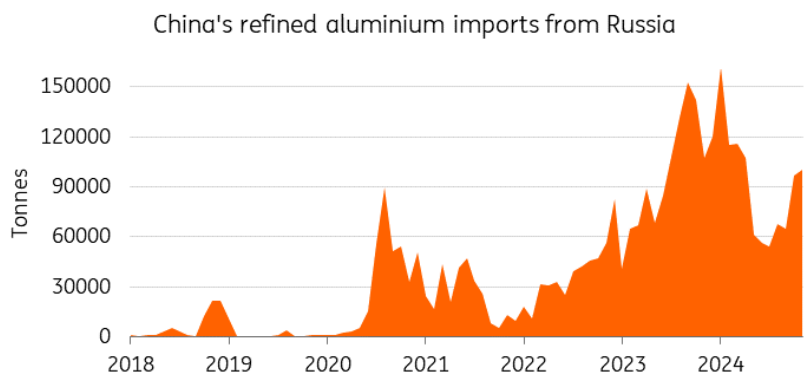
EU's imports of Russian metal have fallen

Although the EU continues to import Russian aluminium, volumes have fallen over the past two years, with European buyers self-sanctioning since the invasion of Ukraine. Russia now accounts for around 6% of European imports of primary aluminium, halving from the 2022 levels.

The gap left by Russian supplies has mostly been filled by imports from the Middle East, India, and Southeast Asia, and this trend is likely to continue.

More Russian metal has been shipped to China, the world's biggest aluminium consumer. China imported 263,000 tonnes of primary aluminium from Russia in the first three quarters of 2024, accounting for 33% of the total imports from Russia last year. We expect this trend to continue in 2025.

China's imports of Russian aluminium hit record highs in 2023



Source: China Customs, ING Research

China is nearing capacity cap

In China, aluminium output is hitting record highs. The production rate is closing in on Beijing's 45 million tonnes annual capacity cap (currently running at around 43 million tonnes) following ample rainfall last year, which has enabled full capacity operations in the hydro-powered Yunnan province after a few consecutive years of output cuts. This leaves limited further growth potential for Chinese production. China's capacity cap also means that the country remains a net importer of aluminium.

Author

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.