

## US announces tariffs on Russian metals including aluminium

The US announced it will raise tariffs on more than 100 Russian metals, including aluminium, minerals and chemical products worth approximately \$2.8 billion to Russia



Source: Shutterstock

### White House will 'significantly' increase the cost of imports

The White House announced a fresh round of measures to mark the one-year anniversary of the invasion of Ukraine.

The measures will “significantly increase costs for aluminium that was smelted or cast in Russia to enter the US market,” the statement said without giving any further details.

Bloomberg previously reported that the US was preparing to impose a 200% import tariff on Russian aluminium.

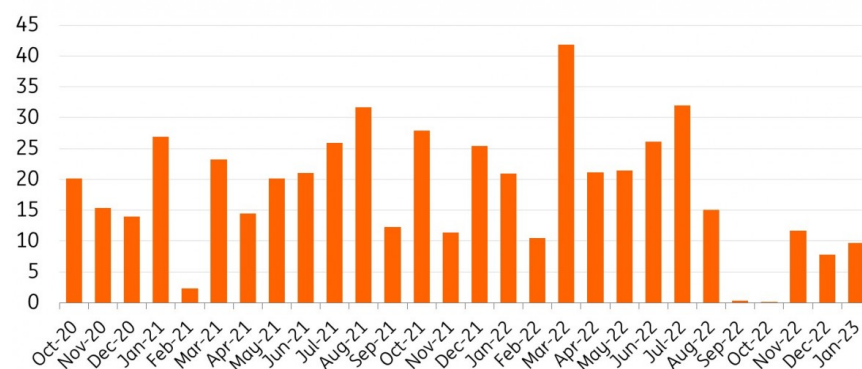
Metals have been mostly spared in the rounds of sanctions imposed on Russia that followed its invasion of Ukraine.

We think this will likely have a limited impact on the global aluminium market. The US is not a

significant buyer of Russian aluminium, which usually accounts for about 10% of total US imports, though this share has been even smaller recently. US purchases of aluminium products from Russia fell to about 200,000 tonnes last year, just 3% of total US imports – a small fraction of the global market of around 90 million tonnes. Russia was the sixth largest exporter of aluminium into the US in 2022, behind Canada with the biggest share, then UAE, Bahrain, China and Australia.

## US has been less dependent on Russian aluminium

US Aluminium Imports - Russia (kt)



Source: trade.gov, Rusal, ING Research

## LME prices shrug off the news

Russia is the world's second-largest producer of the metal after China, accounting for about 6% of global output estimated at 70 million tonnes last year.

LME aluminium prices shrugged off the news, declining 1.8% by Friday afternoon following the announcement.

These reports shouldn't come as too much of a surprise given that last year it was reported that the White House was considering either an outright ban of the metal, sanctions on Russian aluminium producer, Rusal, or imposing prohibitively high tariffs. If the US were to go down the sanctions route, it would have a more severe impact on the market.

European tariffs would have a greater impact because it is a much bigger consumer of Russian metal. Europe accounts for 40% of Rusal aluminium sales.

If the US shuns Russian metals, Russia may increase its exports to sanction-neutral countries like China, the world's biggest aluminium consumer. China would then buy discounted Russian material to use domestically and export its aluminium products into Europe and the US to fill the gap left by the Russian import ban.

China's refined aluminium imports from Russia have already been rising as other buyers rejected Russian supplies in their contracts for this year. China's imports from Russia in December last year hit the highest level since August 2020.

## China's refined aluminium imports from Russia already rising

Primary Aluminium imports from Russia (thousand tonnes)



Source: China Customs, ING Research

## LME aluminium inventories increasing

This comes at a time when LME inventories have been seeing sharp increases. [Large inflows](#) in recent weeks were seen in Malaysia and South Korea – a key storage hub for Russian aluminium – raising questions about whether unwanted supplies are being offloaded on the LME.

The LME had weighed a ban on new deliveries of Russian materials, before deciding against it in November last year.

In April 2018, the US administration placed sanctions on Russian aluminium producers. LME prices jumped to \$2,718/t, at the time the highest since 2011 before gradually falling in the following weeks and months. Sanctions were then lifted in January 2019.

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