

MEASURING DISTORTIONS IN INTERNATIONAL MARKETS
THE ALUMINIUM VALUE CHAIN

This report builds on the OECD's longstanding work measuring government

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Figure 1.5. China has become in 15 yy y

Figure 1.6. Increased capacity has seen depressed prices

Left: LME price (USD per metric tonne; left scale) and smelting capacity (thousand metric tonnes per year; right scale)
Right: smelting capacity outside of China (thousand metric tonnes per year)

Source:

Overall, specialised producers of aluminium semis do not seem to receive as much support as smelters. The three Chinese companies receive 147% less support than smelters.

Industrial zones in China and elsewhere often serve as ‘subsidy hotspots’, wherein local

Figure

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MEASURING DISTORTIONS IN INTERNATIONAL MARKETS: THE ALUMINIUM

Trade policy has had visible effects in the aluminium value chain

The export bans introduced by Indonesia and Malaysia between 2014 and 2016 affected China much more than other alumina producers. The year before Indonesia introduced its 2014 export ban, it accounted for 38% of China's imported bauxite, which represented 99% of Indonesia's exports of bauxite. Bans by Indonesia and Malaysia thus pushed China to revamp its sourcing strategy, and helped cement the growing importance of Guinea in world bauxite exports.

MEASURING DISTORTIONS IN INTERNATIONAL MARKETS: THE ALUMINIUM VALUE CHAIN

MEASURING DISTORTIONS IN INTERNATIONAL MARKETS: THE ALUMINIUM MARKET IN CHINA

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The “circular economy”²⁶ is well established in the aluminium sector. Bertram et al. (2017^[1]) estimate globally that over 26

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Figure 3.1. There are concerns that capacity additions in China may have depressed prices and profits elsewhere

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aluminium, taxes range from a low of 0-1% on semis and articles of aluminium to a 15%

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Section 4 has explored how governments use trade-policy tools to selectively favour

Investment Corporation [SPIC] (15%). Alcoa and the Qinghai Provincial Investment Group [QPIG] come next, with 12% and 6% respectively. While firm size helps explain why Hongqiao, SPIC, and Alcoa are in the top five, the ranks occupied by Alba and

**Figure 5.4. Specialised producers of semis receive relatively less support globally,
b**

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Zouping Economic and Technological Development Zone in Shandong – an area

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which could hint at the presence of other factors that are not accounted for by financials and warrant further investigation.

Firms studied appear to have resorted to debt financing as their main source of external funding and to have maintained high levels of leverage over the 2010-16 period. Debt-to-equity ratios are above one for most

Figure 5.9

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