

European Union Trade Framework

Overview and Implications for the Metals and Minerals Industry

Introduction

The European Union (EU) has one of the world's most comprehensive trade frameworks, encompassing both internal market integration and an extensive network of external trade agreements. For the metals and minerals industry, the EU framework includes tariff policies, trade defense instruments, technical regulations, and sustainability requirements that significantly impact global trade flows. This overview focuses on how the EU trade framework affects metals and minerals trade both within and outside the union.

EU Internal Market

Structure

- 27 member states forming a customs union and single market
- Free movement of goods, services, capital, and labor
- Common external tariff policy
- Harmonized technical standards and regulations

Key Features for Metals and Minerals

- Zero tariffs on internal trade
- Harmonized classification system
- EU-wide technical standards
- REACH regulations for chemicals and metals

- Emissions Trading System (ETS) affecting metals production
- Common approach to trade defense (anti-dumping, countervailing duties)

EU Green Deal Impact

- Carbon Border Adjustment Mechanism (CBAM)
- Sustainable Products Initiative
- Circular Economy Action Plan
- European Critical Raw Materials Act
- Due diligence requirements for supply chains

EU External Trade Agreements

Comprehensive Agreements

- **EU-UK Trade and Cooperation Agreement**
- **EU-Japan Economic Partnership Agreement**
- **EU-Canada Comprehensive Economic and Trade Agreement (CETA)**
- **EU-South Korea Free Trade Agreement**
- **EU-Singapore Free Trade Agreement**
- **EU-Vietnam Free Trade Agreement**

Limited/Sectoral Agreements

- **EU-Mexico Global Agreement** (modernization pending)
- **EU-Chile Association Agreement** (modernization pending)
- **EU-Mercosur Association Agreement** (pending ratification)
- **Euro-Mediterranean Association Agreements**
- **Economic Partnership Agreements with African, Caribbean, and Pacific countries**

Preferential Schemes

- **Generalised Scheme of Preferences (GSP)**
- **GSP+** (additional preferences with sustainability conditions)
- **Everything But Arms** (for least developed countries)

Metals and Minerals Trade Policy

Tariff Structure

- Most-favored-nation (MFN) tariffs on metals average 2-4%
- Higher tariffs on certain finished metal products
- Duty suspensions and tariff rate quotas for certain raw materials
- Preferential or zero tariffs under trade agreements

EU Trade Defense Instruments

- Anti-dumping duties on various steel and aluminum products
- Anti-subsidy measures
- Safeguard measures
- Foreign subsidies regulation
- Screening of foreign direct investments

Technical Barriers to Trade

- **REACH Regulation:** Registration, Evaluation, Authorization and Restriction of Chemicals
- **RoHS Directive:** Restriction of Hazardous Substances
- **Ecodesign Directive**
- **Waste Electrical and Electronic Equipment (WEEE) Directive**
- **Construction Products Regulation**

Sustainability Framework

- **Carbon Border Adjustment Mechanism (CBAM)**
 - Initially covering iron and steel, aluminum, cement, fertilizers, electricity
 - Transitional phase 2023-2025, full implementation from 2026
 - Carbon intensity reporting requirements
 - Payment for embedded carbon in imports
- **EU Conflict Minerals Regulation**
 - Covers tin, tantalum, tungsten, and gold
 - Due diligence requirements for importers

- Supply chain traceability
- Reporting obligations

- **Deforestation Regulation**

- Impacts mining operations affecting forests
- Due diligence requirements
- Prohibition on products from deforested land

- **Corporate Sustainability Due Diligence Directive**

- Human rights and environmental due diligence
- Applies throughout the supply chain
- Reporting and verification requirements

Implications for Specific Metal Sectors

Iron and Steel

- Extensive trade defense measures (anti-dumping, safeguards)
- CBAM implementation priorities
- Significant focus on decarbonization
- Circular economy requirements for scrap
- Stringent emissions standards for EU production

Aluminum

- Growing trade defense measures
- CBAM coverage
- Energy intensity concerns
- Recycling targets and regulations
- Packaging regulations affecting aluminum use

Copper

- Relatively open trading environment
- Growing focus on responsible sourcing
- Circular economy drivers for recycling
- Important for green transition technologies

Critical Raw Materials

- European Critical Raw Materials Act
- Strategic autonomy initiatives
- Stockpiling considerations
- Focus on sustainable sourcing
- Support for EU production and processing

Ferro-alloys

- Anti-dumping measures on specific products
- Energy intensity concerns
- Supply chain due diligence requirements
- Growing sustainability reporting obligations

Compliance Requirements

Rules of Origin

- Product-specific rules vary by agreement
- Cumulation provisions differ across agreements
- Self-certification through Registered Exporter system
- Record-keeping requirements (typically 3-5 years)

Customs Procedures

- Union Customs Code
- Binding tariff information process
- Authorized Economic Operator status
- Import declaration requirements
- Electronic customs systems

Product Compliance

- CE marking where applicable
- REACH registration and authorization
- Technical file documentation
- Conformity assessment procedures

- Market surveillance coordination

Sustainability Reporting

- CBAM declarations and verification
- Corporate sustainability reporting
- Due diligence documentation
- Supply chain traceability records

Strategic Considerations

Market Access Strategy

- Leveraging preferential agreements
- Addressing trade defense measures
- Monitoring regulatory developments
- Technical standards compliance

Supply Chain Adaptation

- Carbon footprint minimization
- Due diligence implementation
- Traceability systems development
- Regional value chain integration

Regulatory Engagement

- Participation in consultations
- Standards development involvement
- Industry association representation
- Monitoring of legislative proposals

Investment Considerations

- EU screening of foreign direct investments
- Green transition funding opportunities
- Infrastructure development
- Research and innovation partnerships

Future Developments

Evolving Trade Policy

- Focus on strategic autonomy
- Defense of EU industries against unfair competition
- Greater emphasis on sustainability in trade agreements
- Strengthened trade enforcement mechanisms

Green Deal Implementation

- Expansion of CBAM to more products
- More stringent sustainability standards
- Circular economy requirements
- Potential product passport systems

Geopolitical Realignment

- Friend-shoring initiatives
- Critical minerals partnerships
- EU-US Trade and Technology Council
- Industrial policy coordination

Digital Trade

- Paperless customs procedures
- Digital product passports
- Blockchain for supply chain traceability
- E-commerce framework for metals trade

Conclusion

The EU trade framework presents both opportunities and challenges for the metals and minerals industry. While offering access to one of the world's largest and wealthiest markets, it also imposes significant regulatory requirements, particularly related to sustainability and technical standards. As the EU continues to implement its Green Deal and strategic autonomy priorities, companies in the metals sector must

stay informed about regulatory developments and adapt their compliance strategies accordingly.

Additional Resources

- European Commission DG Trade: trade.ec.europa.eu
- EU Access2Markets Portal: trade.ec.europa.eu/access-to-markets
- EU CBAM Information: ec.europa.eu/taxation_customs/cbam
- European Critical Raw Materials Act: ec.europa.eu/growth/sectors/raw-materials
- EU Trade Defense Instruments: trade.ec.europa.eu/tdi