

# EXPORTING AND IMPORTING ALUMINIUM

10 customs considerations for UK businesses

**EMPOWERING GLOBAL TRADE**

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# Foreword

**Anna Doherty, Customs Practice Director, Chartered Institute of Export & International Trade**



*The aluminium sector doesn't always get the attention it deserves. It is one of the crucial parts of Britain's manufacturing story and remains an important metal, used by many businesses. Without a strong and steady supply, many traders across the country would struggle to supply their own goods.*

*In today's trading landscape, customs is more complex than ever. Businesses that trade internationally now have to avoid financial penalties, keep compliant with ever-changing rules and make their organisations resilient and responsive to new changes.*

*As ever, the Chartered Institute stands ready to support businesses. This free guide is targeted at the aluminium sector. It provides advice and support to traders on crucial topics, all to help importers and exporters understand more about how to reduce costs and operate more efficiently.*

**Nadine Bloxsome, CEO, ALFED**



*I am pleased to announce a new partnership with the Chartered Institute to produce this whitepaper for everyone trading aluminium internationally.*

*For our industry, this means fewer avoidable delays and costs, stronger compliance, and better conversations with customers, partners and government. It will help establish a common language between commercial, operations and compliance teams, for quicker decision-making. It will also support new exporters and smaller businesses to compete on a level footing, while helping larger operators embed best practice at scale.*

*Above all, this is about unlocking opportunity: making it simpler to sell, source and grow responsibly in the UK and overseas. I encourage every member to read, share and apply it.*

**Ewelina Pieckowska, Trade Committee Chair, ALFED**



*Many of our members already trade globally, while others are looking to enter the international marketplace. In both cases, understanding the intricacies of aluminium trading is essential.*

*It is not only about mastering the fundamentals such as product classification and duty rates, but also about complying with a wide range of regulations: from waste management and radioactive testing to export controls and beyond.*

*Trading aluminium internationally is a complex and highly regulated process, and ensuring compliance can often seem daunting. Together, we can strengthen the UK aluminium sector's position on the global stage and ensure that our members continue to thrive in the international trading environment.*

# Introduction

The aluminium industry plays a vital role in the UK's manufacturing, construction, packaging and automotive sectors.

As global demand for aluminium continues to grow, UK businesses involved in its import and export face increasingly complex regulatory, logistical and commercial challenges.

From raw materials and semi-finished products to scrap and recycled aluminium, each form presents unique customs and compliance considerations.

This whitepaper is designed to support UK aluminium businesses trading internationally, with a focus on UK import and export procedures. It draws on the UK's customs legal framework and, while not intended to be exhaustive, it highlights critical areas where businesses often face uncertainty or risk.

The aim is to help businesses identify where expert support can add value and ensure compliance.

## Essentials

This section outlines the foundational customs topics every aluminium trader should understand to ensure smooth, compliant and cost-effective international trade.

### 1 INCOTERMS

#### What is it?

Incoterms, or International Commercial Terms, are standard contractual terms that define the division of costs, risks and obligations between the seller and the buyer in an international transaction. These terms specify who is responsible for tasks such as transportation, insurance, customs clearance and payment of duties and taxes.

Issued by the International Chamber of Commerce to help ease the complexity of international trade transactions, and updated every 10 years, Incoterms provide a standardised framework for international trade, ensuring clarity and consistency in contractual agreements.

Accurate documentation, such as commercial invoice or packing lists, are fundamental to successful international trade. These documents must reflect the nature of the aluminium goods – whether raw, semi-finished or scrap – and align with the agreed Incoterms to avoid delays or disputes at customs.

#### Why is it important?

Aluminium shipments often involve bulk transport, specialised handling and high-value goods, making the choice of Incoterms particularly important. Terms like Ex Works (EXW) or Delivered Duty Paid (DDP) can significantly affect cost, risk and control.

Understanding which Incoterms best suit your aluminium products, trade routes and reflect the commercial relationship is essential.

### Top Tip:

Avoid EXW and DDP Incoterms. EXW puts too much responsibility on the buyer, while DDP makes the seller liable for import duties and taxes in another country—both can lead to compliance and cost issues.

Use Incoterms like FCA or DAP for better control and fewer risks. These terms offer a clearer split of responsibilities and reduce legal exposure across borders.

## 2 CLASSIFICATION

### What is it?

Goods which are traded internationally need to be easily identifiable by all actors in the supply chain including the customs authorities. This can be achieved through the Harmonized System (HS): a numerical method of classifying goods when assessing duties, taxes, gathering statistics and applying non-fiscal control measures, developed by the World Customs Organization (WCO).

Classification involves assigning the correct HS code to a product for customs purposes, which determines its duty rate, trade statistics and regulatory treatment.

In the UK, HS is implemented through commodity code classification with codes for export set at eight digits and for import at 10 digits, though certain products may need additional coding.

Aluminium is classified under specific headings based on its form – from ores to ingots, sheets and bars through to finished articles and scrap.

### Why is it important?

Accurate classification ensures correct duty rates, trade statistics and compliance with import and export regulations. Misclassification can result in incorrect duty payments, delays across the supply chain and financial penalties.

For aluminium, this is particularly relevant when dealing with alloys, mixed materials or recycled content, which may fall under different codes depending on composition and intended use.

Scrap aluminium must be distinguished from waste or other metals, and its classification may vary depending on purity and origin.

Businesses must stay up to date with tariff schedules and be aware of anti-dumping duties or trade defence measures that apply to specific commodity codes.

### Top Tip:

Avoid misclassifying aluminium by relying on vague descriptions.

Use clear product specifications like purity, form, thickness, alloy type and content as well as intended use, and check the UK Trade Tariff for the correct commodity code.

## 3 VALUATION

### What is it?

Valuation refers to the process of determining the customs value, which is the price that customs authorities use to calculate how much import duty and tax a business needs to pay when importing goods into a country.

The customs value is a build-up of the cost of the goods, transport, packaging, insurance, agents' commission and discounts. In some cases, applicable duty may be included as well.

There are six valuation methods and importers are responsible for choosing the one which is the most appropriate for their transactions. Choosing the wrong method could result in incorrect valuation of the goods, and import duties being either over- or under-paid.

### Why is it important?

Aluminium valuation can be complex due to fluctuating market prices, variable quality and informal sourcing arrangements. This makes accurate valuation complex.

Under- or over-declaration can trigger audits, penalties or reputational damage. Customs authorities may also challenge valuations that lack supporting documentation or appear inconsistent with market norms.

Businesses must consider additional costs such as transport, insurance and commissions, and ensure these are reflected in the customs value. For recycled aluminium, valuation may also depend on processing costs and residual content.

#### Top Tip:

Avoid assuming any shipment is free: every item, including scrap or free-of-charge samples, has a customs value.

This value must reflect costs like transport and insurance and be determined in line with your chosen Incoterms to ensure accurate declarations.

## 4 ORIGIN – NON-PREFERENTIAL AND PREFERENTIAL

### What is it?

Determining and proving which country goods come from can be a difficult challenge. Country of origin is the place of the last substantial economic transformation for processed or manufactured goods, meaning that they may not have originated in the country from where they are shipped.

Determination of origin also considers goods which have been wholly obtained in the country of origin. These would normally be items that have been mined, bred or grown. For aluminium, this is especially important when establishing the origin of the ores such as bauxite.

The product origin is divided into non-preferential origin, which is used for general customs purposes as well as international trade policies. Preferential origin allows goods to benefit from reduced tariffs under trade agreements.

### **Why is it important?**

The accurate distinction of product origin is crucial for applying correct duty rates, determining eligibility for free trade agreements (FTAs) and compliance with international trade policies. Incorrect origin claims can lead to denied tariff preferences or penalties.

Aluminium products often pass through multiple countries during processing. For importers, understanding origin helps assess duty liability and avoid unexpected costs.

UK exporters of aluminium products must meet origin requirements under applicable FTAs for their buyers to benefit from zero tariff trade. This may involve proving substantial transformation or sourcing from qualifying countries.

Additionally, knowing the country of smelt and cast of aluminium is essential to understand international trade policy implications, such as additional duties and sanctions.

#### **Top Tip:**

Do not assume that just cutting or packaging something makes it “originating” under trade agreement rules.

Instead, check the rules to see if your aluminium product qualifies – especially if it is made, or modified, in more than one country.

While some trade deals let you combine origin from different place (known as cumulation), others are more restrictive and only let you claim origin from one country.

Keep paperwork, like supplier declarations and records of how the product was made: you will need these to prove it qualifies for lower tariffs.

# Advanced

This section explores advanced topics that aluminium businesses should be aware of. These may not apply to every shipment, but understanding them helps businesses stay compliant, avoid unexpected costs and make informed decisions.

## 5 SPECIAL CUSTOMS PROCEDURES

### What is it?

Special customs procedures allow the storage of goods, temporary use of them, their processing or repair, with a suspension or partial or full relief from import duty and VAT.

They allow traders to manage their duty and import VAT exposure in accordance with their business activities, potentially boosting their competitiveness in the marketplace.

These procedures include:

- Inward Processing – allows for suspension of import duty, including any countervailing and anti-dumping duties, and import VAT on goods brought into the UK for processing or repair. To benefit from duty relief, the processed products must be re-exported from the UK.
- Customs Warehousing – used by businesses to store imported goods liable for import duty and VAT in a secure environment, while remaining under customs control. When goods are released for free circulation, any applicable duties and/or import VAT become due at the rate applicable at the time.
- Temporary Admission – allows for temporary import of eligible goods for specific purposes. Goods must be re-exported within a certain period to avoid payment of import charges.
- Outward Processing – allows traders to export goods out of the UK for the purposes of processing or repair and then obtain duty relief on the subsequent reimportation. This relief will be calculated on the portion of the customs value that is attributed to the value of the originally exported goods.

### Why is it important?

Special customs procedures can help aluminium businesses save money, improve cash flow and simplify operations: especially when dealing with high-value goods, recycling or cross-border processing.

While these procedures offer flexibility and cost savings, they come with strict approval criteria and require authorisation from HMRC to operate them.

### Top Tip:

For businesses involved in processing imported aluminium, which is subsequently re-exported, having access to a range of special customs procedures may be a viable solution to reduce the duty owed.

Inward processing may also be used when returned goods must be repaired or upgraded while customs warehousing offers flexibility when storing imported goods with no set sale date.

## 6 EXPORT CONTROLS

### What is it?

Export controls are legal restrictions that apply to goods which could be used for military purposes or in sensitive technologies. In the aluminium sector, this can include high-grade alloys used in aerospace, defence or nuclear applications. Even if your product seems harmless, its technical properties or end-use could bring it under export control regulations.

Furthermore, and in response to Russia's invasion of Ukraine, the UK has imposed extensive sanctions, which include prohibitions on the import, acquisition, supply and delivery of Russian-origin aluminium and other metals.

### Why is it important?

Aluminium is a strategic material in many high-tech and defence applications. If your products are classified as "dual use" – meaning they can be used for both civilian and military purposes – you may need an export licence. Non-compliance can lead to shipment delays, financial penalties or even criminal liability. Understanding export controls helps businesses avoid disruptions and maintain trust with international partners.

UK businesses are advised to implement special clauses in contracts and conduct enhanced due diligence to prevent sanctions evasion, especially through third countries. The aluminium sector is considered high-risk due to its strategic importance and potential for diversion into military supply chains.

Businesses must stay informed about evolving sanctions and controls lists and ensure they are not inadvertently facilitating restricted trade.

### Top Tip:

Before exporting aluminium products, check if they are classed as military or dual-use or from a sanctioned country: even everyday alloys might need a licence. Use government tools to screen products, customers and destinations.

Additionally, consider export controls regulations in countries where your product must transit through – you may face restrictions and require a licence in multiple jurisdictions.

## 7 CARBON BORDER ADJUSTMENT MECHANISM – UK AND EU

### What is it?

CBAM is a climate policy already implemented by the EU, and due to be introduced in the UK in 2027.

It places a carbon charge on imports of certain goods, including aluminium, to ensure fair competition with domestic producers that pay carbon costs. Its aim is to stop 'carbon leakage', where production is moved to countries with less stringent carbon regulations to avoid paying for emissions.

Importers must report the carbon emissions associated with production of the goods and may be required to pay a fee based on how much carbon is emitted during this process.

### Why is it important?

Aluminium production is energy-intensive, and CBAM directly affects companies importing aluminium into the EU or UK. Businesses must now consider not just price and quality, but also the carbon footprint of their suppliers.

This can influence sourcing decisions, increase compliance costs, and affect competitiveness. Being prepared for CBAM helps businesses avoid penalties and align with sustainability goals.

#### Top Tip:

While both the EU and the UK have introduced CBAM policies and they have the same aim, their delivery mechanisms differ. Different sets of data may be needed to comply with each regime.

UK exporters of aluminium may need to provide information to their EU customers so that they can meet their reporting requirements under CBAM.

## 8 TRADE DEFENCE MEASURES

### What is it?

Trade defence measures are tools used by governments to protect domestic industries from unfair trade practices, such as dumping (selling below market value), sudden import surges or subsidies. These measures include anti-dumping and countervailing duties, quotas and safeguard actions.

### Why is it important?

Aluminium products are frequently targeted by trade defence actions due to global overcapacity and price competition. If you import aluminium from countries subject to these measures, you could face significant additional duties or restrictions. These can

impact your pricing, margins and supply chain reliability. Staying informed helps you avoid unexpected costs and plan strategically.

#### Top Tip:

Review the UK Trade Remedies notices frequently to check which trade defence measures apply to your goods.

Some reduced duty rates may only be available if there is a sufficient quota allocation remaining and once the quota is exhausted, much higher rates apply.

## 9 US TARIFFS – SECTION 232

### What is it?

Section 232 of the US Trade Expansion Act allows the US government to impose tariffs on imports that may threaten national security. Aluminium has been subject to these tariffs since 2018, and recent US policy changes have removed the 'de minimis' threshold — meaning even small shipments are now affected.

### Why is it important?

These Section 232 tariffs are a significant consideration for exporters of aluminium to the US. It is crucial to verify the origin of your aluminium – both where it was smelted and cast – as this determines the rate and applicability of the tariffs. Proper documentation and clear identification of the product's history can help prevent costly delays or additional charges at the border. Staying informed about ongoing changes to US trade policy will ensure your business remains compliant and competitive.

If you export aluminium to the US, your goods may face a 25% tariff or more, depending on the product and its origin. This can significantly affect your pricing and competitiveness in the US market. Understanding how these tariffs apply is essential for maintaining profitable trade relationships and avoiding unexpected costs.

Section 232 duties also apply to selected aluminium derivatives and more products are being added to the scope of the tariffs.

#### Top Tip:

If you are exporting aluminium products to the US, check where it was smelted and cast. This info is needed to determine what value Section 232 tariffs apply to — these can add 25% to 50% in extra costs.

Make sure your paperwork clearly shows this to avoid delays or unexpected charges.

# 10 TRADING WITH NORTHERN IRELAND

## What is it?

Northern Ireland, being an integral part of the UK, remains part of the UK's customs territory and internal market.

As Northern Ireland is located on the island of Ireland, post-Brexit it also aligns with certain EU rules to avoid a hard border with Ireland.

This means that goods entering NI from Great Britain may be subject to customs formalities and EU tariffs (known as the 'dual tariff') if they are considered 'at risk' of moving into the EU Single Market or are subject to EU trade remedy measures.

These arrangements and concepts were set out initially in the Northern Ireland Protocol (NIP), as part of the Withdrawal Agreement, and subsequently updated in the Windsor Framework.

## Why is it important?

If you supply aluminium products to or through NI, you need to understand which customs rules apply. This includes knowing whether your goods are considered 'at risk' of entering the EU, what labelling and documentation are required, and how product standards may differ.

Misunderstanding these rules can lead to delays, rejected shipments or compliance issues – especially for businesses with distribution hubs or customers in Northern Ireland or Ireland.

### Top Tip:

When moving aluminium between Great Britain and Northern Ireland, make sure you have an XI EORI number, use the correct commodity codes, and check if your goods are 'at risk' of entering the EU, as this affects whether EU duties apply.

If eligible, apply for UK Internal Market Scheme (UKIMS) authorisation and make use of simplified procedures.

# Conclusion

Aluminium businesses must ensure they are compliant with UK customs law when importing or exporting goods.

This includes accurate customs declarations, correct valuation, classification and origin documentation. Failure to comply can result in penalties, delays, or loss of preferential tariff benefits.

The Chartered Institute is committed to supporting the aluminium sector in navigating these complexities — especially where customs intersect with broader trade regulations.

From accurate valuation and origin documentation to export controls, CBAM, and tariff management, our tailored guidance helps businesses stay compliant, reduce risk and unlock trade benefits. Whether you're moving primary aluminium, recycled scrap or finished products, we provide practical, up-to-date advice to ensure smooth cross-border operations.

In addition to expert guidance, we offer a comprehensive suite of services including training, consultancy, a dedicated International Trade Technical Helpline and membership packages designed to support businesses of all sizes. For a full overview of our services and how we can support your trade operations, please visit our website [www.export.org.uk](http://www.export.org.uk) for more details.

Note, this is not an exhaustive list and for requirements and regulations that are specific to the aluminium sector, such as recycling and scrap regulations, we recommend contacting the Aluminium Federation Ltd (ALFED) for guidance and advice.

# ABOUT US

## About the Chartered Institute of Export & International Trade

The Chartered Institute of Export & International Trade empowers organisations and individuals in global trade, equipping them with expertise to trade compliantly, sustainably and commercially.

It achieves this by building expertise and collaborating with UK and international partners, regulators and stakeholders to facilitate the acknowledged mutual benefits of free, legitimate and frictionless international trade.

Established in 1935, the Chartered Institute is trusted by governments, businesses and trade professionals around the world as the leading experts in international trade and the foremost association of exporters and importers.

In recognition of this trust, it was granted a Royal Charter in December 2023 by HM King Charles III.

## The Aluminium Federation

The Aluminium Federation (ALFED) is the unified voice of the UK aluminium industry, dedicated to promoting innovation, sustainability, and growth across all sectors from production and processing to recycling and trade.

We advocate for our members by engaging with policymakers both domestically and internationally, championing fair market conditions, and supporting research and development. Through collaboration, we provide strategic direction, industry insights, and a platform for members to influence policy and drive positive change. ALFED is committed to safeguarding the future of the aluminium industry, ensuring its continued contribution to the economy and society.

