Detrimental effects of retaliatory tariffs on Platinum Group Metals imports from the US on the European Union economy

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The International Platinum Group Metals Association (IPA) represents over 80% of the global Platinum Group Metals (PGMs) industry, encompassing the leading companies involved in the mining, refining, recycling, and fabrication of PGMs. These include platinum, palladium, rhodium, iridium, ruthenium, and osmium, which are vital to a broad range of strategic and green technologies, including automotive catalytic converters, hydrogen fuel cells, electronics, and medical devices.

<u>Key Asks</u>

IPA strongly recommends that European Union (EU) legislators exempt PGMs and all related derivatives from any trade countermeasures targeting United States (U.S.) imports.

Imposing tariffs on PGMs risks creating significant economic barriers for EU industry, potentially obstructing the adoption of clean technologies and undermining efforts toward industrial decarbonisation.

It is worth noting that the U.S. Executive Order on "Reciprocal Tariffs" (2nd April 2025) explicitly excludes PGMs from the list of targeted products list (Annex II).

Executive Summary: IPA position on EU 'retaliatory' tariffs on PGMs

IPA and its member companies are deeply concerned about the potential introduction of EU import tariffs on platinum group metals originating from the United States.

The IPA strongly supports free and fair global trade and recognises the European Commission's efforts to address recent U.S. tariff measures within the framework of Regulation (EU) No 654/2014 and Regulation 2025/778.

However, we firmly urge the EU Commission not to impose tariffs on platinum group metals and associated materials and products – such as mined material, spent catalysts, semi-finished metals, and e-waste – given their critical role in clean technologies and industrial decarbonization.

PGMs are essential to the EU's decarbonisation and reindustrialisation objectives, particularly in the hydrogen economy, automotive emissions control, and advanced manufacturing.

Introducing tariffs on PGMs and secondary material imports from the U.S. would disrupt Europe's recycling-based supply chains, undermine strategic autonomy under the Critical Raw Materials Act, and weaken the EU's competitiveness in clean tech industries.

The IPA underscores that Europe lacks significant domestic PGM mining and remains heavily reliant on transatlantic flows of recycled material and catalysts. Maintaining tariff-free trade with U.S. partners is therefore essential. Any disruption to these established supply routes risks compromising feedstock security for EU refiners and may redirect valuable recycling streams to more favourable jurisdictions - ultimately eroding Europe's leadership in circular economy innovation.



Main Concerns by the PGM industry

Strategic importance of PGMs to the EU

PGMs are fundamental to many EU policy objectives, including the European Green Deal, the Critical Raw Materials Act (CRMA), and the EU's broader reindustrialisation agenda. Their indispensable role spans a wide range of critical applications—from reducing emissions via automotive catalytic converters, to enabling hydrogen production and fuel cell technologies, and supporting essential industrial and medical uses, such as pacemakers and anticancer therapies. Any disruption to the supply of PGMs would seriously undermine the EU's climate targets and its ambitions for industrial resilience and strategic autonomy.

Global and integrated supply chains

The PGM market is globally integrated and highly specialized. Material often crosses borders multiple times for different stages of processing and recycling. Tariffs on PGMs or PGM-containing materials originating from the U.S. would severely disrupt these flows. For example, e-waste and spent catalysts imported from the U.S. are key feedstocks for EU recyclers. Disrupting these supply routes risks undermining circular economy initiatives, reducing the availability of critical raw materials, and weakening Europe's refining capabilities.

Economic and environmental impacts of tariffs

Ad valorem tariffs on PGMs, due to their high value and low volume, could result in tens of millions of euros in additional annual costs. These costs would cascade through the value chain, impacting downstream manufacturers, stifling innovation, and ultimately raising prices for EU consumers. Such measures would run counter to the EU's objectives for green growth, industrial decarbonisation, and strategic competitiveness.

Supply security and diversification

Although the EU is a leader in recycling, secondary material supply alone cannot meet total demand. Imports of both mined and recycled material, particularly from the U.S., remain essential. Imposing tariffs may push U.S. recyclers to divert material to alternative markets like Japan or South Korea, where trade and logistics are more predictable. This would make Europe less attractive as a global hub for high-tech recycling and critical materials processing.

Unique characteristics of the PGM market

Due to the PGM market's relatively small size and high specialization, even minor interventions can lead to price volatility and supply disruptions. As high-value, low-volume commodities, PGMs are especially vulnerable to trade distortions: even modest ad valorem tariffs could have disproportionate economic impacts, jeopardizing Europe's ability to achieve its Green Deal and Net-Zero goals. The experience from the past demonstrates that attempts to artificially influence the PGM market – through tariffs, quotas, or strategic stockpiling – consistently result in market distortions that disrupt industrial planning and investment.



Policy Recommendations

It is crucial to understand that the current EU regulation proposals to introduce trade countermeasures against the United States and their provisions on PGMs risk creating more problems than they would solve.

Given the essential role of PGMs across countless strategic green and key industrial applications, tariffs risk jeopardizing the environmental and economic objectives of the EU when it comes to clean energy production and cutting emissions.

As stated in the EU Critical Raw Materials Act (CRMA), platinum group metals are essential to several core EU policy objectives and underpin key legislative initiatives in the fields of climate and environmental protection, clean energy, and strategic industrial resilience. By interfering in the PGMs market, the EU is risking missing its own economic security, industrial and environmental policy objectives.

- Exclude PGMs and related materials from any list of retaliatory tariff measures under EU Regulations 2025/778 and 654/2014.
- Safeguard the free movement of critical PGM feedstocks such as mining material, e-waste, spent catalysts, and semi-finished PGM products.
- Acknowledge the strategic role of PGMs in achieving the objectives of the Critical Raw Materials Act (CRMA), Green Deal, and Net-Zero Industry Act.
- Pursue cooperative transatlantic trade approaches that protect vital industrial supply chains and advance common sustainability objectives.

Conclusion

We therefore call on the EU Commission to reassess its tariff strategy and exclude trade codes of PGMs and related materials from the tariff countermeasures listed in EU Regulation 2025/778 and 654/2014 to safeguard the PGMs' essential role in the EU's reindustrialisation and decarbonisation efforts and avoid jeopardizing the circular economy and critical raw materials objectives of the EU

About IPA

The International Platinum Group Metals Association (IPA) represents the worldwide leading mining, recycling and fabrication companies in the global platinum group metals (PGMs) industry, comprising platinum, palladium, iridium, rhodium, osmium and ruthenium.

The IPA provides a platform to address issues of common concern and to jointly engage with stakeholders at the international level. The association represents over 80% of the global PGM industry.

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SUPPORTING INFORMATION ON PGMs

HS/CN codes

IPA recommends excluding the below listed HS/CN codes from current or future EU tariff measures.

PGM-containing materials and products that should remain free of EU retaliatory measures against U.S. tariffs

- The core HS Codes 711011, 711021, 711031,711041 these describe metal in unwrought (ingot or powder form) irrespective of whether from primary or secondary sources.
- The core HS Codes 711019, 711029, 711039,711049 these describe semi-fabricated metal such as tubing, parts of jewellery etc.
- Spent catalysts and other scrap is generally transported under 711291/711230/711292

PGM metal/sponge/semi-finished codes (currently exempt by the U.S. from U.S. tariffs)

- 71101100 Platinum, unwrought or in powder form
- 71101910 Platinum bars, rods, plates, and similar forms
- 71101980 Platinum, in semi-manufactured forms
- 71102100 Palladium, unwrought or in powder form
- 71102900 Palladium, in semi-manufactured forms
- 71103100 Rhodium, unwrought or in powder form
- 71103900 Rhodium, in semi-manufactured forms
- 71104100 Iridium, osmium and ruthenium, unwrought or in powder form
- 71104900 Iridium, osmium and ruthenium, in semi-manufactured forms

Scrap, Waste, and Residues codes (currently exempt by the U.S. from U.S. tariffs)

- 71129201 Platinum waste and scrap, incl. metal clad w/ platinum, excluding sweepings containing other precious metals, other than goods of e-waste heading 8549
- 71123000 Waste and scrap of PGMs (e.g. from used catalytic converters)
- 71129900 Other waste and scrap of precious metal or of metal clad with precious metal

Jewellery and Finished Goods

71131921 – ...29 Jewellery and parts of precious metals incl. platinum and palladium

71151000 Articles of precious metal or metal clad, including PGM items

PGM-using Industrial Products

Catalytic Converters and Related Items

3815 codes (catalysts): Tariff Classification of reaction initiators, reaction accelerators and catalytic preparations, not elsewhere specified or included

- 38151200 Supported catalysts with precious metal or precious metal compounds (e.g., PGMcoated ceramics for auto use)
- 38151100 Catalysts with nickel or precious metals, other than for auto use
- 38151900 Other supported catalysts (may include PGM uses)
- 38159090 Other catalysts and catalytic preparations (includes precious metals not elsewhere classified)

8545 codes (coated electrodes): Carbon electrodes, carbon brushes, lamp carbons, battery carbons and other articles of graphite or other carbon, with or without metal, of a kind used for electrical purposes

codes for PGM parts used for glass furnaces

Electrodes (used in electrolysis)

- 5451100 Carbon electrodes, for furnaces
- 85451900 Other carbon electrodes (used in electrochemical or electrical purposes)
- 85452000 Brushes of carbon, for electrical machinery/equipment
- 85459000 Other articles of graphite or carbon (used for electrolysis)



Electronic Waste (WEEE) and Recoverable PGM sources

85491100 Waste & scrap of electrical and electronic equipment (household type)
85491900 Waste and scrap of electrical and electronic equipment (other)
85489090 Parts of electrical machines and apparatus not elsewhere classified (may include WEEE with PGMs)

Main PGM-based applications relevant for the EU

Automotive Industry (Catalytic Converters):

- **Platinum:** ~40% of demand: used mainly in diesel vehicle catalytic converters to reduce emissions. Also gaining use in hydrogen fuel cell vehicles.
- **Palladium:** ~80% of demand: used in catalytic converters for gasoline engines to reduce harmful emissions. The EU's strict emission regulations drive high demand.

Hydrogen Economy & Fuel Cells: a key component in electrolysis for green hydrogen production and fuel cells, supporting green energy initiatives in the EU.

Industrial & Chemical Applications: used in the production of important chemicals, e.g. nitric acid, fertilizers, and silicones. Also used in glassmaking, petroleum refining, and medical devices. **Electronics:** used in multilayer ceramic capacitors (MLCCs) for smartphones, laptops, and other devices. Also found in connectors and electrical contacts.

Dental and Medical Equipment: used in dental alloys and medical instruments due to its biocompatibility. PGMs save lives as the active ingredient in pharmaceuticals such as anti-cancer drugs and as key elements in surgical technologies.

PGM recycling

The PGM industry is strongly committed to sustainability, with mature recycling networks integrated across the West, ensuring efficient metal reuse.

Although the EU is a global leader in PGM recycling and the material from spent PGM containing automotive emission control catalysts (catalytic converters) and chemical catalysts is a major source of new PGM supply, the material from PGM recycling alone is insufficient to meet full domestic demand without imports of additional recycled as well as mined material. Despite various research initiatives such as <u>PEACOC</u>, regulations like the Critical Raw Materials Act (CRMA), and numerous circular economy efforts aimed at boosting European precious metals production and reducing dependence on third countries, the EU market will continue to rely on external suppliers – such as the U.S. – to meet its demand in the foreseeable future.

PGM mining

The absence of relevant PGM mines in the EU makes imports of primary (mined) PGM supply and recycling material from non-EU countries critical to meeting the demand of key markets like the green hydrogen supply chain. Supply chains of primary PGM material are mature, transparent, and diversified across the globe while PGM mining itself is concentrated among a few countries such as South Africa, the U.S., Russia, Zimbabwe, and Canada.



The PGMs supply chain is global and complex

The PGM market is relatively small, highly specialized, and globally integrated. Sudden publicsector interventions – such as tariffs, quotas or even the creation of large strategic reserves – would severely distort market dynamics.

The PGM industry operates within a highly interconnected global supply chain, with refiners in the EU and the U.S. providing essential processing and recycling services across both regions. Due to the complexity of PGM operations, materials frequently move between the EU and the U.S. for different stages of production and recycling, depending on capacity, industrial needs, and the specialized capabilities of facilities. A material may begin its recycling process in the EU, be shipped to the U.S. for further refinement, and return as a final product – or follow the reverse path. This seamless cross-border exchange is crucial for maintaining efficiency and sustainability in the industry. Applying tariffs would severely disrupt this well-established business model.

One reason is that unlike many commodities, PGMs are characterized by high per-unit values. When import duties are based on value – known as ad valorem tariffs – rather than volume or revenue, the resulting cost increases are not just substantial, they are economically distortionary.

An ad valorem tariff of, for example, 5% on PGM imports can equate to tens of millions of dollars in added costs annually, even when the physical volume of material is small. These costs ripple through the value chain, disproportionately affecting downstream manufacturers and technology developers.

<u>Tariffs on PGMs would jeopardize the EU's reindustrialisation and decarbonisation</u> <u>efforts</u>

PGM refining and processing are often concentrated in a limited number of highly specialized facilities across continents (EU, UK, U.S., Japan). Tariffs applied on a value basis penalize these critical international transactions, reduce supply chain efficiency, and disincentivize cross-border cooperation in refining and recycling.

PGMs are subject to high price sensitivity, and policy-driven cost increases would jeopardize the viability of domestic processing and recycling initiatives – which are precisely the activities the EU should be strengthening to achieve its reindustrialisation and decarbonisation efforts.