المجلس الخليجي للألمنيوم
GULF ALUMINIUM COUNCIL

# ALUMINIUM IN THE GULF

gac.ae

NEWSLETTER July 2017

## Gulf Aluminium Dinner 2018

GAC is pleased to announce that its next world renowned special high level annual dinner will be held in Oman on 21st March, 2018. Sohar Aluminium is the lead sponsor of the event.

For more details, please contact Adele on adele@gac.ae

## Alba lays the First Concrete in Potline 6 Foundation

Aluminium for the world

Aluminium Bahrain B.S.C. (Alba), announced that the First Concrete in Potline 6 Foundation was successfully achieved in May 2017 with the commencement of early works in the construction site.

The Potline 6 has two pot rooms, E&F, wherein each pot room is approximately 1.4 km in length and are considered the longest buildings on the Line 6 Expansion Project plot. Line 6 production is planned for Q1 2019.

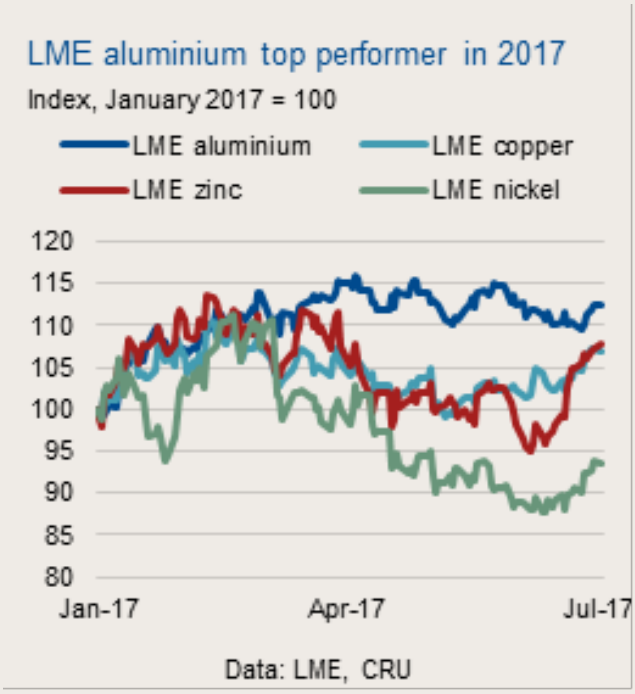
# Time to take Chinese aluminium supply-reform seriously

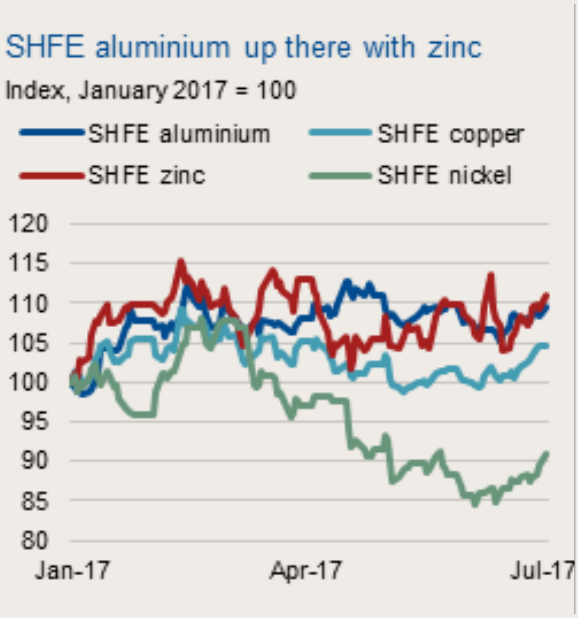
**By Eoin Dinsmore, Principal Consultant, CRU**

**Aluminium remains the top performing LME metal of 2017. The light metal has been lifted by expectations of smelter closures in China and by a steep decline in LME inventories. In China, producers report to CRU that further closures are inevitable and we believe there is now potential upside risk to the LME and SHFE aluminium prices.**

Other factors have also been positive in recent weeks; the Dollar has weakened compared to the Euro and Chinese manufacturing PMI data surprised to the upside. This has lifted all the LME metals. In currency markets, leveraged funds have already massively reduced their net-short Euro position and the Euro will struggle to further its gains. In China, the government will continue to balance credit risk against a too steep a slowdown as we head towards this autumn's party Congress. Therefore, while we expect a modest slowing in metal demand growth in China in H2, any major slowdown will be countered by an easing in credit policy.

Therefore, on a broader macroeconomic level, China will remain a neutral to positive influence on prices in the coming months, and there is modest potential upside from further Dollar weakness.




## China orders smelters to close

The major development for the aluminium price has been the increased likelihood of significant smelter closures in China. To date, 500,000 TPY of operational smelting capacity has closed in China.

China looks set to force over 2 million tonnes per year of operational smelting capacity to close. It is clear, future Chinese smelting expansions will not occur at the fast pace we have become accustomed to. If the government is serious enough to halt an operational smelter, it will force companies to stop future expansions with much less effort.

Nonetheless, aluminium inventories in SHFE and unregistered warehouses in China are just over 1.2 million tonnes. There has been no decline in inventories during the strongest demand period and CRU forecasts that these stocks will rise further by the end of September. The Chinese aluminium market is in surplus and exports are rising. Indeed, total unwrought and products exports are up 22% y-t-d to May.

China does not want to reduce semi-finished products exports - this is the most employment intensive part of the aluminium value chain. Thus, China does not want to see the metal price rise significantly, as this would hurt the competitiveness of its semi-finished products exports. The government wants slower production growth, a more balanced market, sustained profitability but without a price spike - not a straightforward task.

# Aluminium in Packaging

According to the World Health Organisation, 30% of the food in developing countries perishes due to the lack of packaging. Packaging saves ten times more waste than it creates.

Adequate protection of the food saves more resources than those needed for the production of the protective packaging.

Lighter packaging means less fuel consumption, reduced emissions from transport and easier handling at the retail level. A good example is the aluminium beverage can. Using aluminium cans instead of traditional packaging materials means around twice as much drinks volume can be transported per truck load. The weight of the packaging materials is less than 10% of the total weight of the load. Clearly, a far more efficient and environment friendly way to transport such products – not forgetting the advantages of shelf impact and production protection.

## What makes Aluminium the ideal material for packaging?

### Conductive

Aluminium foil dishes stand up well to all temperature variations encountered in the processing and use of packaging – from well below blast-freezing to the extreme heat of baking and grilling – without distorting, cracking, melting, charring or burning.

Aluminium transfers heat 2.4 times faster than iron. This property, combined with the fact that very thin sheets can be produced, means that heat is lost and gained through aluminium very quickly. Hence it is ideal for cooking and as a cold drink container.

### Decorative

Drinks cans and bottle labels, confectionery foils, cosmetic tubes, all benefit from the decorative function of aluminium and its wider range of surface treatments.

Aluminium's bright or matt metallic finish plus its compatibility with all printing technologies provides designers with enormous scope to create packaging with stunning graphic design, shelf presence and brand identity.

### Lightweight

The lightness of aluminium packaging helps to save resources during filling, product transportation, storage and the transportation of scrap at the end of a product's life.

The weight of an aluminium beverage can has been reduced further and further: the first beverage can 60 years ago weighed more than 80 grams. Today a 330 ml aluminium can only weighs about 13 grams.

### Formable

Light yet strong, aluminium foil has unique deadfold characteristics which make it ideal for wrapping many different products, while minimising the need for sealants.

Because it is very malleable it can be easily deformed without losing its barrier integrity, making it an ideal material for use in combination with other flexible substrates to

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create very thin laminates for a variety of markets, saving resources.

The formability of aluminium allows for the manufacture of shape holding foil applications, eye catching aerosol containers and branded drink cans. The metal's malleability also means that aluminium foil can be easily deformed without losing its barrier integrity.

### Protective

Aluminium foil is only six one-thousandths of a millimetre thick, effectively protects contents against quality-reducing effects of oxygen, light, moisture, micro-organisms or unwanted aromas.

### Resource Saving

Various Life Cycle Assessments (LCAs) show that aluminium packaging and household foil contribute less than 10% of the environmental impact in a product's lifecycle – production, preparation and consumption.

Packaging saves ten times more waste than it creates; if, due to being badly packed, the contents are spoiled, ten times more waste occurs than that generated by the production of appropriate packaging.

### Recyclable

Today, recycling of post-consumer aluminium products saves over 90 million tonnes of CO2 and over 100,000 GWh of electrical energy, equivalent to the annual power consumption of the Netherlands.

For most aluminium products, the metal is not actually consumed during the product's lifetime, but simply used, with the potential to be recycled without any loss of its inherent properties.

### Hygienic & Safe

The hygienic and protective properties of aluminium used in pharmaceutical blister packs or tubes provide a barrier against external factors such as heat, moisture, bacteria and odours.

Because it is very malleable it can be easily deformed without losing its barrier integrity, making it an ideal material for use in combination with other flexible substrates to create very thin laminates for a variety of markets, saving resources.

Aluminium foil is completely sterile thanks to the high temperature annealing process. It is safe for use in contact with foodstuff and pharmaceuticals and doesn't harbour or promote the growth of bacteria.

*Adopted from world-aluminium.org*

## EGA to share its blueprint for innovative organisations with the Government and private sectors

Emirates Global Aluminium, will share the secrets of the success of its long-running programme to engage employees in continuous improvement with Government and private sector organisations developing policy recommendations to encourage innovation in the UAE.

EGA is sponsoring the Innovation 360 think tank at MEED's Innovation Live! Initiative. Over the coming months the think tank will bring together senior figures from Government departments, corporates and SMEs to devise ways to unlock the innovation potential of the UAE's workforce.

Creating an innovation rich, knowledge-based economy is an objective of UAE Vision 2021.

## Gulf Extrusions New CEO

Mr. Christian Witsch has taken on the role as Chief Executive Officer for the Al Ghurair Metals Group. He has 25 years of global experience in the Aluminium Extrusion Industry. In his previous roles, he acted as Manufacturing Manager in the Hydro Aluminium plant in Austria (Nenzing), worked in Hydro's Operations in US as well as South America and became Managing Director of Hydro's East Europe and UK operations. Followed by the Global Vice President Operations responsibility for Sapa Aluminium.

# EGA opens new head office at Al Taweelah

Emirates Global Aluminium (EGA), today announced the opening of its new head office complex next to its Al Taweelah aluminium smelter and under-construction alumina refinery in Khalifa Industrial Zone Abu Dhabi (KIZAD).

The new office complex is the administrative heart of EGA, which was formed through the merger of Emirates Aluminium (EMAL) and Dubai Aluminium (DUBAL) in 2014.

Abdulla Kalban, EGA's Managing Director and Chief Executive Officer, said: "We integrated our predecessor companies to form EGA some years ago, but the opening of our new head office is the final symbolic step. This complex is now the administrative centre of our business, as well as the centre of the broader UAE aluminium sector of which EGA is the heart and foundation."

# EGA - Company of the Year

Emirates Global Aluminium (EGA) industrial company in the United Arab Emirates has been named Aluminium company of the Year at the Platts Global Metals Awards.

The awards ceremony took place in London and brought together the global metals industry. EGA was recognised as "Industry Leader – Aluminium'.


# EGA launches robotics competition

Student teams from UAE universities encouraged to submit applications to participate by 27th August, 2017- Winning robot will be used at Emirates Global Aluminium smelters

University students are requested to design, build and operate an autonomous robot capable of laying the brickwork lining of pots in which aluminium is smelted. This challenging work is currently done by hand.

EGA already works closely with academics to turn the latest scientific thinking into practical technology for EGA's industrial sites. However this is the first time EGA has invited student teams to participate in an open technology competition. EGA will provide funding for teams that register to compete as well as a prize for the winners.

## Alba closes US$ 700 million in Export Credit Financing

Aluminium Bahrain B.S.C. (Alba), has successfully closed the first tranche of c. US$ 700 million from Export Credit Agency (ECA) covered facilities to finance the Company's Power Station 5 and Power Distribution System.

The facilities are made-up of: US$ 310.4 million SERV Guaranteed Export Credit with an interest margin of 90 basis point per annum over the London Interbank Offered Rate (LIBOR), EUR 314.3 million SERV Guaranteed Export Credit with an interest margin of 65 basis point per annum over the Euro Interbank Offered Rate (EURIBOR) – the SERV-covered facilities have 15-year tenor wherein the principal amount is to be repaid over 12-year period, and EUR 50 million Euler Hermes Guaranteed Export Credit with an interest margin of 55 basis point per annum over EURIBOR – the Euler Hermes-covered facility has 14-year tenor wherein the principal amount is to be repaid over 12-year period.

## Ma'aden signs Alcoa MOU

Saudi Arabian Mining company Ma'aden signed two landmark memorandums of understating (MOUs) with its U.S. based partners Alcoa and Mosaic.

The memorandums are expected to provide fresh impetus to the kingdoms mining sector which is identified to be playing a crucial role in the economic diversification of the nation as outlined in Saudi vision 2030.

The first MOU outlines the scope of feasibility assessment of a potential expansion of aluminium production complex in Ras Al-Khair industrial city by Ma'aden and Alcoa, the joint developers of the project.

The other two MOU also pertain Ma'aden mining and fertilizer businesses. The projects are subject to the definitive studies and obtaining necessary approval and consents of the Board.