

RusAl Optimistic About Asia in 2011

By [The Moscow Times](#)

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Hong Kong — Aluminum demand in China, the world's biggest consumer of the metal, may double in the next decade, United Company RusAl said Tuesday.

"Deliveries to Asia are going up, especially given that China became a net importer of aluminum in September," Oleg Mukhamedshin, RusAl's head of capital markets, said at a conference in Hong Kong.

China became a net importer of aluminum from September after local production was disrupted on power rationing, pushing up global prices. Global aluminum demand has risen by 25 percent this year from 2009, RusAl said last week in its earnings report, though the company announced a 55 percent fall in quarterly revenues.

RusAl, which produces about 4 percent of the world's aluminum, gave an upbeat forecast for the global market for next year. Mukhamedshin said aluminum prices in 2011 would be roughly at current levels or higher, referring to a guidance of \$2,400 to \$2,500 per metric ton for the fourth quarter.

"We think next year prices should be at least at the same level or even going up if the situation with power supply in China is going to stay the same," he said.

RusAl would be a reliable supplier to China because its smelters are near the Chinese border, he said.

China's "market will continue to grow, and observers expect Chinese demand to double in the next 10 years," Mukhamedshin said. China uses about 10 kilograms of the metal per capita a year, which is much lower than Western countries, he said.

Aluminum on the London Metal Exchange has gained 13 percent since the beginning of September, trading at \$2,400 a metric ton at Tuesday's close.

China imported 7,740 tons of primary aluminum in September, compared with 6,133 tons of exports in the same period, customs data showed.

China's aluminum production capacity could fall by as much as 2 million tons because of energy cuts, according to Mukhamedshin.

Henan province, the largest aluminum producing region, may suspend about 1 million tons of production capacity in the fourth quarter in an effort to meet Beijing's energy-saving targets, Zhang Fengkui, head of the nonferrous metals office at the Ministry of Industry and Information Technology, said at a conference in Zhengzhou on Oct. 26.

RusAl's Hong Kong-listed shares, which debuted in January and hit a post-IPO high of HK\$10.70 on Nov. 8, were down .3 percent at Tuesday's close.

(Bloomberg, Reuters)

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