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Russia's VSMPO Unconcerned by Mine Accident at Supplier Uralkali

By The Moscow Times

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Russia's largest titanium producer VSMPO-Avisma aims to boost production to about 45,000 tons.

Russia's VSMPO-Avisma, the world's largest titanium producer, dismissed concerns on Thursday that its output could be affected by a mine accident suffered by its main raw material supplier, Uralkali.

VSMPO, whose biggest customers are Airbus and Boeing, said it had enough stocks of carnallite ore, a raw material used in titanium production, to last for three to six months if supplies dried up from Uralkali.

"We're working as usual. We have a long-term stock of carnallite ore," Marina Voronkova, VSMPO spokeswoman, said. "We will be able to find alternative sources of raw materials, and we've purchased carnallite ore in Israel before."

Russia's Uralkali, the world's top potash producer, suspended work at its Solikamsk-2 mine

following an inflow of water on Tuesday. It did not comment on the VSMPO remarks.

If the mine floods, there could be a risk to the nearby Solikamsk-1 mine, from which it is separated by a concrete dam. VSMPO gets carnallite ore from Solikamsk-1.

"Uralkali has not informed us of any threat of Solikamsk-1 flooding," Voronkova said.

Titanium is used in the aerospace, energy, chemical engineering and medicine industries.

VSMPO, which is owned by Russian state defense conglomerate Rostec, supplies Airbus with 60 percent of its titanium products and Boeing with 40 percent.

Its ability to sell to Western clients has not been affected by the fact that its chief executive, Sergei Chemezov, was included on a list of officials hit by visa bans and asset freezes over Russia's role in the Ukraine crisis.

It told Airbus in May that the European planemaker would face financial penalties if it terminated its $4 billion contract for VSMPO to supply it with rolled titanium alloys until 2020.

VSMPO, which exports 70 percent of its titanium output, aims to boost production to about 45,000 tons in the medium term, up from last year's 28,855 tons.

Flooding is a common problem for the potash mining industry. In previous cases of flooding, there has been clarity on the fate of a mine within a week, analysts at VTB Capital said on Wednesday.

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