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# Russia's Rusal to Cut Aluminum Production Amid Rising Costs, Sluggish Demand

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**rusal.ru**

Russian metals giant Rusal announced Monday that it will reduce aluminum production by at least 6% due to surging raw material costs and declining domestic demand.

The first phase of the cuts will slash output by 250,000 metric tons, the company said, without specifying how many additional reductions might follow or over what timeline.

Rusal, founded by businessman Oleg Deripaska, said its profit margins are being squeezed by record-high alumina prices of $700 per ton. While production costs climb, aluminum prices remain low due to weak global economic conditions and an oversupplied market, it added.

The company sources over a third of its alumina from abroad at market prices. Rusal has boosted imports from China, India and Kazakhstan after Australia banned exports of alumina and aluminum ores to Russia, and its Ukrainian plant suspended operations.

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At home, demand is falling as the Russian economy slows and monetary policy tightens, leading to reduced output from major aluminum consumers, including the construction and automotive industries.

Despite the cuts, Rusal pledged to maintain its full workforce and social benefits.

Rusal operates 10 aluminum plants in Russia and one in Sweden. While not directly targeted by Western sanctions, the U.S. and U.K. have barred new Russian aluminum from entering their markets or being traded on their metal exchanges.

Rusal has said it remains committed to supplying aluminum to other global markets.

The company reported a 2.3% production increase to 1.96 million tons of aluminum in the first half of 2024. In 2023, Rusal's total aluminum output was 3.85 million tons.

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