

ALUMINIUM IN THE GULF

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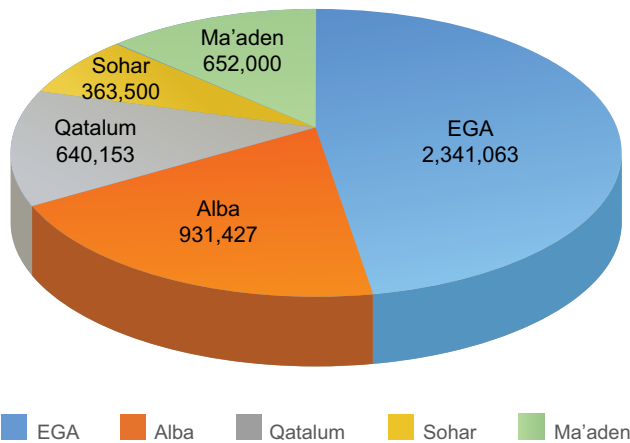
NEWSLETTER

February 2015

2014 ALUMINIUM PRODUCTION IN THE GCC REACHED 4,928,143 TONS

An increase of 31% from 2013

GCC Primary Smelters Aluminium Production 2014



Collectively the five aluminium companies (EGA, Alba, Ma'aden, Qatalum and Sohar Aluminium) produced 4,928,143 tons of primary aluminium in 2014 compared to 3,748,616 tons in 2013, an increase of 31%.

GCC Aluminium production constitutes 10% of the total world production.

The main increase has come from Ma'aden Aluminium, A Saudi Arabia start-up which was successfully ramped up during the year, and EMAL Phase 2 project completion before the target date.

The production for 2015 is expected to be more than 5 million tons.

GCC remains to be one of the leading hubs for the aluminum business where 40% of its production utilized by the downstream aluminium industry in the Gulf for Regional and International market, while the balance of the primary aluminium production are exported to different regions of the world.

GCC Aluminium production is of the highest quality and the plants are modern and environmental protection regarded to be the most advanced in the world.

THE GAC HEALTH & SAFETY AND ENVIRONMENT AWARDS

The GAC H&S Awards are an independent and prestigious endorsement of the achievements by the applying organization for their efforts and initiatives, innovative practices, programs, projects and achieved results that promote sustainable development by the Gulf Aluminium Council members.

Category	Smelter	Downstream
Health & Safety	Alba, Bahrain	Gulf Extrusions, UAE
Environment	Ma'aden Aluminium, Saudi Arabia	Midal Cables, Bahrain

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The Awards are established to recognize excellence and leadership and to acknowledge the outstanding contribution recipients have made balancing H&S and Environment responsibility with the successful development of the Gulf aluminium industry. The awards are also an opportunity for transferring knowledge on to others, thus helping to improve performance across the industry.

There are separate awards for aluminium smelter company facilities and downstream aluminium companies.

The awards were presented to the winners by H.E Shaikh Daij Bin Salman Bin Daij Al Khalifa, Chairman, Alba at Arabal Conference recently, held in Bahrain.



Tim Murray, CEO, Alba receiving GAC Health & Safety Award



Modar Al Mekdad, General Manager, Gulf Extrusions receiving GAC Health & Safety Award



Abdul Aziz Al Harbi, President, Ma'aden Aluminium receiving GAC Environment Award



Rashid Al Zayani, Asst. Managing Director, Midal Cables receiving GAC Environment Award



Aluminium in Packaging

DECORATIVE

Aluminium offers a diverse range of finishes plus its compatibility with all printing technologies provides designers with enormous scope to create packaging with stunning graphic design, shell presence and brand identity.

CONDUCTIVE

Aluminium has a thermal conductivity at the top of the range for metallic alloys, making it ideal for application that minimize heating and chilling times and energies, such as a cold drink can or a ready meal foil tray.

LIGHTWEIGHT

Lightweight aluminium packaging helps save resources during the transport and storage of the protected product and the packaging itself, both to the consumer and at the end of the packaging life.

FORMABLE

The formability of aluminium allows for the manufacture of shape holding foil applications, eye catching aerosol tubes



Source: World Aluminium

and branded drinks cans. The metal's malleability also means that aluminium foil can be easily deformed losing its barrier integrity.

PROTECTIVE

Aluminium foil packaging is the highest material to offer a complete barrier to light, gases and moisture and can help to extend the life of products. By enabling products to be preserved for long periods without the need for refrigeration, aluminium packaging helps to prevent spoilage and can provide large energy savings.

RESOURCE SAVING

Aluminium in packaging application saves more resources than are needed in its production. Various Life Cycle Assessments (LCAs) show that aluminium packaging contributes less than 10% of the environmental impact in a products lifecycle, yet prevent spoilage and therefore save the resources that went into farming, transporting and preparing the contents.

RECYCLABLE

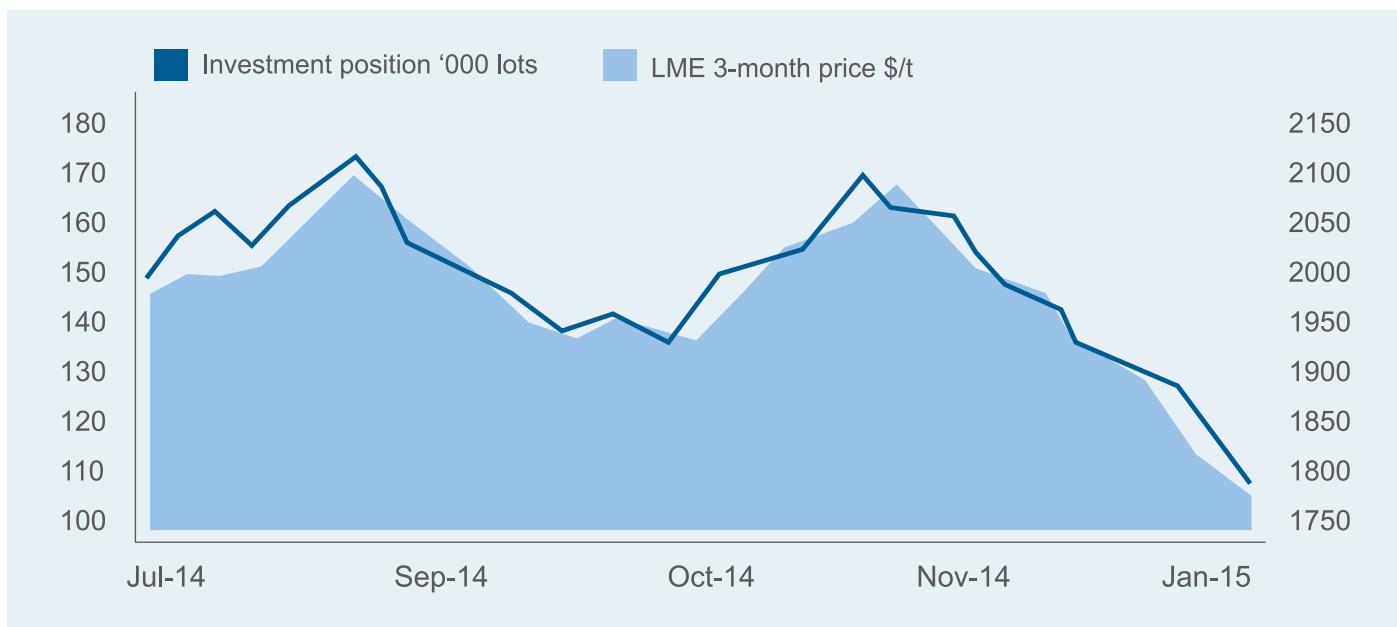
The aluminium drinks can is the most recycled beverage container in the world and most aluminium foil applications are fully recyclable as well. Aluminium foil applications that are not recycled and the metal even recovered from incinerator bottom ash.

HYGIENIC & SAFE

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

Collapse in oil price ripples through to aluminum

Investors scale back bullish bets on LME aluminium



OIL ROUT SPOOKS INVESTORS

Investors have reduced their positions in commodity indices due to the collapse in the oil price and strong US dollar. Aluminium has not been immune to the fall in commodity prices and fell sharply in early January.

The Commitment of Traders (CoT) report released by the LME shows that investors lowered their net long position in aluminium to the lowest level since the LME started publishing the report in July 2014 (see chart). Although there is no historical data for comparison it still shows a clear fall in investor confidence in the market. The strong US Dollar has also taken its toll on commodity prices. Fears of the effects of deflation in Europe and a Greek exit from the EU have weighed on investment sentiment and the price.

CHINA, RUSSIA AND INDIA TO INCREASE PRIMARY EXPORTS

CRU's analysis shows that China continues to export primary aluminium disguised as aluminium semi finished products. China exported 2.7mt of aluminium semis (official data) in the first eleven months of 2014, of which 16% is primary exports disguised as semis. CRU estimates that China exported 362,000t of primary aluminium in 2014, up 139% y-o-y.

Sanctions and the collapse in the Rouble and oil price have hit the Russian economy hard. What happens in Russia is of importance to the world aluminium market as Russia

is the second largest primary aluminium net exporter after the Middle East. Focusing on the USA; imports of Russian metal rose 73% y-o-y to 312,000t (trade data to November). A high US Midwest premium and strong demand growth will mean that the USA will be the most attractive destination this year. CRU expects Russian exports to grow further in 2015.

Indian production is set to increase by 0.35Mt in 2015 to 2.3Mt. Demand growth in India disappointed last year and combined with higher production led to increasing exports. Producers have targeted South Korea, Japan, Vietnam, China, Columbia and Mexico due to favourable trade agreements. CRU forecasts that Indian exports will rise strongly this year.

WEAK OIL PRICE AND STRONG DOLLAR WILL PEG LME PRICE BACK

The low oil price and strong US dollar will continue to weigh on investor confidence which in turn will peg the aluminium LME 3-month price back in Q1 2015. However, the all-in price will remain at a high level due to high regional premiums. CRU forecasts the 'all in price' to average \$2,300/t in Q1 2015. Q1 should be nadir for the LME aluminium 3-month price and we see the price rising to average \$1,920/t for the year, based on the market deficit outside China of 660,000t. However, there is downwards pressure on Business Operating Costs, especially in countries which have seen a sharp devaluation against the US Dollar.

GAC CONFERENCES

Two highly successful conferences were recently organized by GAC, specifically developed for the Gulf Aluminum industries employees. Presentations were made by the experts from the Gulf and overseas, from smelters and suppliers associated with Aluminum business in the Gulf.

Carbon conference which was held in Dubai, covered a range of technological and operating issues as well as raw material and problem solving matters.

Health & Safety was held in Abu Dhabi and covered ergonomics, behavioral safety, health risk assessments, incident analysis as well as occupational health issues associated with aluminium industry.



Health & Safety Conference 2014, Abu Dhabi



Carbon Conference 2014, Dubai

- ◆ Ten fingers, ten toes, if you are not careful then, who knows?
- ◆ Shortcut, cut life short.
- ◆ A spill, a slip, a hospital trip.
- ◆ Behind the wheel, anger is one letter away from danger.
- ◆ Chance takers are accident makers.
- ◆ It is easier to ask a dumb question than it is to fix a dumb mistake.



ALUMINIUM MIDDLE EAST

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