
Garmco to diversify its aluminium source

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MEED reported that the decision by Bahrain's Gulf Aluminium Rolling Mill Company to stop using Aluminium Bahrain as its sole supplier of aluminium potentially marks the end of an exclusive partnership that lasted for almost 30 years.

Garmco has said that Alba will still supply its aluminium until 2012, but after that the company hopes to source its primary metal from both Alba and other smelters across the GCC.

With Garmco looking to diversify supply away from Alba, questions have been asked whether the Bahraini smelter can justify its expansion plans that will raise capacity to 1.2 million tonnes per year. The answer is yes.

The growth rate for primary aluminium is 5% per year which is about 2 million tonnes. Alba is planning to raise capacity by about 330,000 tonnes per year so the tonnage it loses from Garmco's 160,000 tonnes per year rolling mill is not going to affect the company greatly.

Another important factor is Alba has almost 40 years of experience and sells its metal in markets across the world, as well as to the metals park that surrounds the smelter in Bahrain. They are hardly likely to hit the panic button.

From Garmco's perspective, the move to diversify its supply comes as it is planning USD 350 million, 200,000 tonnes per year rolling mill next to Sohar Aluminium's smelter in Oman. If the firm is planning further expansion elsewhere then having a number of smelters in the region supplying it with metal is a logical next step.

(Sourced from MEED)

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