
Slowdown signs - Rio Tinto Alcan slows Gladstone expansion

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Rio Tinto Alcan has slowed the construction of its alumina refinery expansion in Gladstone in Australia and cut annual bauxite production as the company responds to a sharp fall in alumina and aluminium prices in recent months.

In a statement Tuesday, the company said change to construction schedule for the Yarwun alumina refinery expansion will result in a revised completion date in the second half of 2012. The USD 1.8 billion refinery expansion will increase output by two million tonnes to 3.4 million tonnes when completed.

This and the cut in the annual bauxite production to 15.0 million tonnes from 19.4 million tonnes in 2008 will mean loss of around 100 permanent positions at the company's Weipa bauxite mine, and around 570 contractor roles in Gladstone, the company said. Around 35 permanent positions will also be lost from the Yarwun refinery and at the company's Boyne Smelter which is also located in Gladstone.

In the statement Rio Tinto Alcan Bauxite and Alumina president Steve Hodgson said the current demand for aluminium remained poor and stocks continue to increase despite major industry wide production cutback.

Mr Hodgson said that "Even with alumina industry capacity cuts equivalent to 21 million tonnes per year since the beginning of the crises, including cuts to 12 million tonnes made since January, there is still little improvement in the alumina prices."

He added that at current prices around 70% of the industry is currently operating at a financial loss.

(Contributed by Ms Sophia Rodrigues from Australia)

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