
BHP sells Suriname alumina operations to Alcoa

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Minemsn reported that Global miner BHP Billiton Limited has reached in principle agreement to sell its stake in its Suriname bauxite and alumina refining operations to aluminium rival Alcoa.

Alcoa said that its subsidiary Suriname Aluminium Company would buy the interests from NV BHP Billiton Maatschappij Suriname.

Ms Samantha Evans spokeswoman of BHP said that BHP considered the alumina operations in the South American country were too risky.

Ms Evans said that "Obviously, the current market conditions are weak and uncertain and, while the longer term fundamentals remain good, we do take a disciplined and prudent approach to all projects. These are reviewed regularly to ensure that we only proceed with investments where the risk reward balance is favourable."

A diving world aluminium price has caused many producers to scale back production.

Last year, BHP indicated it wanted to abandon its Suriname operations by 2010. Ms Evans said that but the company had not given up on alumina and projects in place would increase BHP's presence in the alumina market over time.

Since 1984, Suralco and BMS have worked on joint projects in Suriname, with BMS holding a 45% interest and Suralco the balance.

Mr Franklin Feder president of Alcoa Latin America said that "While the current conditions affecting the aluminium and alumina industries are challenging, we continue to believe in the long term value of these businesses."

Mr Michael Heffernan senior client adviser with Austock Securities said that aluminium had dropped in price this year compared to other metals such as copper.

Mr Heffernan said that "Aluminium is certainly not the flavour of the month and not one of BHP's mainline activities."

The deal between BHP Billiton and Alcoa is expected to be complete by the end of June, subject to regulatory approvals. The companies would give no details of the transaction. At the market close shares in BHP Billiton were up USD 1.00 at USD 33.27.

(Sourced from Minemsn.com)

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