

Downstream opportunities

In 2012, the Gulf accounted for 3.7Mt of primary aluminium production. There have also been significant developments in the downstream sector.

By Mahmood Daylami*



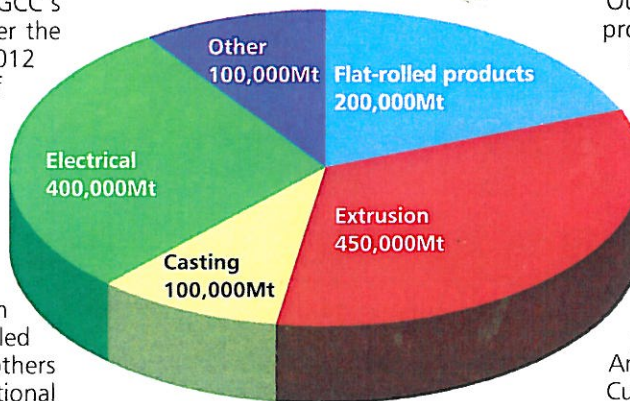
The significant increase in the GCC's aluminium production capacity over the last few years – to reach 3.7 Mt in 2012 – has reaffirmed the importance of the Gulf region as a major and important centre for aluminium production.

Since aluminium production started in the region in 1971, there have been significant developments in the number and variety of downstream aluminium industries – such as extrusion, rolled products, wires and cables and others that supply to regional and international markets.

Among the current major downstream players are Gulf Aluminium Rolling Mill (GARMCO) and Midal cables in Bahrain, Gulf Extrusions and Al Hamad Aluminium Extrusions in the United Arab Emirates, and Alupco and Al Taiseer in Saudi Arabia – to mention just a few.

Oman Aluminium Rolling Company (OARC) is under construction in Sohar and will have a 150kt production capacity.

The plant is due to start production in



Secondary aluminium production in the GCC

August this year. In Saudi Arabia, the 380kt Ma'aden rolling mill will be ready in 2015.

Around 70% of all the primary aluminium produced in the Gulf is exported in various shapes and alloys, while 30% is utilised by GCC downstream industries of which 50% is re-exported to international markets.

Out of 1.2Mt annual secondary production in the Gulf, extrusion is the largest with 450kt a year, serving local and overseas construction and automotive industries. Extrusion production is likely to increase to over 520kt by 2014 when both plants in Abu Dhabi and Qatar are operational.

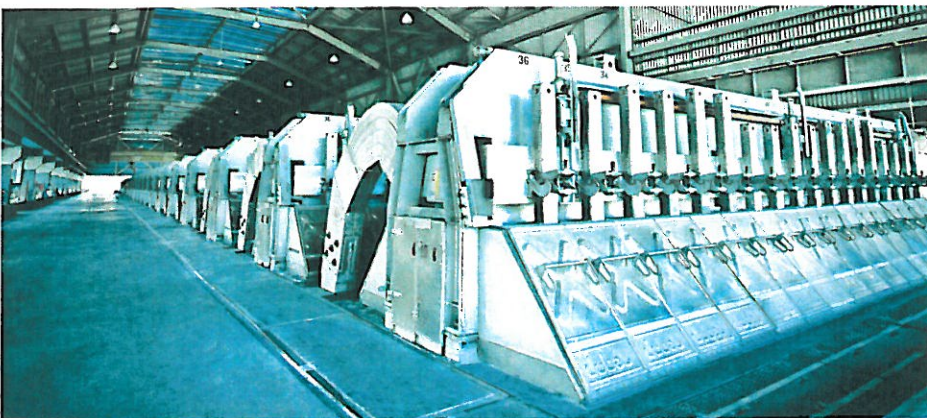
Wires and cables is the second largest consumer of local aluminium in the Gulf with 400kt a year produced in Bahrain, Saudi Arabia and recently in Oman.

Current roll production of around 200kt a year – mainly in Bahrain – will increase to 750kt, when both Oman and Saudi projects are completed in 2013 and 2015 respectively.

Given the importance of the aluminium industry for the Gulf economy and the availability of metal as a raw material, all the GCC countries with primary aluminium production are actively pursuing the policy of establishing more downstream aluminium industries so as to utilise aluminium as a raw material to produce more value-added products, create jobs and encourage inward investment.

With rolling projects underway in Saudi Arabia (Ma'aden) and Oman (OARC) as well as new extrusions projects in Abu Dhabi and Qatar, the Gulf is keen to attract new applications and new products to complement these businesses. Automotive-related companies manufacturing components, engines and bodywork are being encouraged because they can make good use of the abundance of aluminium in the region and make a long-term contribution to the global environment.

It is safe to say that while there is still potential for increasing primary aluminium production in the Gulf, there are greater opportunities and potential for downstream and finished products. ■



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