

PUBLIC FILE VERSION

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Dear Ms Taylor,

Reference : Review of Anti-Dumping Measures on Certain Aluminium Road Wheels exported from P R China

Anti-Dumping Notice No. 2014/86

On 15 September 2014 the Anti-Dumping Commission ("the Commission") published Anti-Dumping Notice ("ADN") No. 2014/86 announcing the review of the dumping and countervailing duty notices in relation to all Chinese exporters of aluminium road wheels ("ARWs"). The announcement of the review follows an application by Jiangsu Yaozhong Aluminium Wheels Co. Ltd ("Jiangsu") requesting the review of measures applicable to its exports of ARWs to Australia.

The Commissioner "considered it appropriate" to recommend the scope of the measures be extended to all exporters of ARWs from China.

Arrowcrest Group Pty Ltd ("Arrowcrest") is an Australian producer of ARWs and is the applicant company that requested anti-dumping and countervailing measures against ARW exports from China. Arrowcrest is therefore an interested party to the review of the dumping and countervailing measures.

Arrowcrest notes that following the review, the Commissioner can recommend to the Parliamentary Secretary that the dumping and countervailing notices:

- (i) remain unaltered; or
- (ii) have effect as if different variable factors had been ascertained.

Trade Measures Report No. 181

In Trade Measures Report No. 181 dated 12 June 2012 the then Australian Customs and Border Protection Service ("ACBPS") determined that exports of ARWs from China (with the exception of exports by Zhejiang Shuguang Industrial Co. Ltd ("PDW") were at dumped prices with margins ranging between 5.6 to 29.3 per cent. The ACBPS also determined that subsidies existed that benefited Chinese exporters (with the exception of PDW and CITIC Dicastal Wheel Manufacturing Co., Ltd ("CITIC")) in the range 2.8 to 58.8 per cent. The ACBPS was further satisfied that the Australian industry had suffered material injury from the dumping and subsidization and recommended the imposition of the dumping and countervailing measures.



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ACBPS also concluded that a market situation for ARWs sold in China existed due the influence of the Government of China ("GOC") on lower input costs (i.e. alloyed aluminium) and due to influences in the determinants of supply in both the ARWs and upstream industries. ACBPS concluded that the LME data was representative of prices in a truly competitive market. In order to derive a benchmark for alloy, Customs calculated the average price difference between aluminium and A356.2 alloy as quoted on the Yangtze River Exchange (that is, a price difference from the Chinese market) and added this amount to the LME aluminium price.

As the LME prices are ex-works prices Customs calculated an amount for delivery to add to the LME benchmark price using the verified average delivery cost of alloy from one cooperating exporter to arrive at a per tonne delivery cost in China.

This delivery cost was added to the adjusted benchmark prices to arrive at a delivered benchmark price.

The Minister for Home Affairs accepted the recommendations of ACBPS and imposed the dumping and countervailing measures on 27 June 2014.

Current Review Inquiry

It is noted by Arrowcrest that ADN No. 2014/86 is silent as to whether the Commission proposes to revisit the Minister's decision of only two years ago that a market situation for ARWs in China exists. Jiangsu did not assert that a market situation for ARWs in China no longer existed.

Arrowcrest submits that the findings of a market situation in China for ARWs as detailed in Report No. 181 remain applicable in the review investigation period. It is Arrowcrest's position that the review of the measures applicable to ARWs will be based upon constructed normal values that replace the Chinese producers' aluminium and aluminium alloy costs with "costs based on the LME data plus an adjustment for alloy manufacture where appropriate (described as the benchmark cost)".

Arrowcrest understands that the ACBPS applied the benchmark cost to all purchases of aluminium and aluminium alloy for the selected cooperating exporters to determine a percentage uplift to be applied to the raw material cost of the exporter. The remaining costs incurred by the cooperative exporter were included in the constructed normal value. For non-cooperating exporters, the highest percentage uplift margin was applied.

It is Arrowcrest's position that the same percentage uplift methodology for Chinese exporters (whether cooperating or non-cooperating) should be used in the current review inquiry.

Change in variable factors

Benchmark aluminium alloy

It is stated in Consideration Report No. 263 that Jiangsu included monthly LME aluminium prices over the period July 2010 to June 2011 and for the period August 2013 to July 2014. The Commission states that a comparison of LME aluminium prices *"for the two periods shows that average LME aluminium prices in the period April 2013 to March 2013 were approximately 25 per cent lower than during the original investigation period."*

Jiangsu asserted that the normal values would be expected to have fallen by this amount (i.e. 25 per cent).

However, Arrowcrest agrees with the Commission's prudent assessment and comments at 3.4.1.2 of Consideration Report No. 263 that *"It cannot be said that a decrease in the LME aluminium price by 25% would correspond to a 25% decrease in normal values without considering the movement of other costs that make up the constructed normal value"*.

Arrowcrest has included at Non-Confidential Attachment 1, a chart showing its construction of the delivered cost of alloy in China for each month for the period June 2010 to December 2014.

Arrowcrest has used the US dollar LME 3 month contract price for each month on the basis that a manufacturer of ARWs would need to secure materials in advance and would not rely on spot purchases.

Arrowcrest is not privy to the average delivery cost of alloy in China so instead Arrowcrest has used the benchmark Main Japanese Premium (MJP) which is the delivery premium charged to Japanese purchasers of pure aluminium. The MJP sets the benchmark for the delivery premium charged to other consumers through SE Asia and Oceania.

Arrowcrest was unable to obtain Yangtze River price data for aluminium and alloy for the months October 2011 to January 2011 and October 2012 to August 2014. For these months Arrowcrest has carried forward the available price data for the preceding month.

Arrowcrest has used average monthly exchange rates to convert the Yangtze River data to US dollars.

For Q4-14 Arrowcrest has used prices for aluminium quoted to it by Alcoa Australia which are LME based 3 month forward contract prices.

Comparison of the cost of alloy

Arrowcrest calculates that the benchmark delivered cost of alloy in China during the investigation period was around US\$2,678 per tonne. This is for the period 1 July 2010 to 30 June 2011, i.e. the Australian 2011 financial year (FY11).

An indexed (non-cumulative) comparison indicates that the delivered cost of alloy fell 7% in FY12, 11% in FY13 and 16% in FY14, not the 25% claimed by the applicant.

However for the first six months of FY15 the cost is only 3% lower than the FY11 benchmark and this upwards trend in cost is set to continue into and presumably beyond 2H15.

Closing remarks – cost of alloy

Arrowcrest notes that the release of surplus aluminium stockpiled in China during the GFC, coupled with lower demand and surplus capacity in the rest of the world, has resulted in steadily falling prices for aluminium and alloy through FY12, FY13 and FY14. This has resulted in the closure of aluminium smelters outside of China, including Alcoa's Port Henry smelter in Geelong. In a bid to remain afloat and to counteract the falling LME price, aluminium producers supplying to SE Asia and Oceania have negotiated significant increases in delivery premiums (MJP) over the period. For example the Q414 MJP is up 359% on Q410.

However prices for aluminium and therefore alloy are firming again in 1H15 and Arrowcrest understands the upward trend in prices will continue as global stockpiles outside of China are now at very low levels and demand for aluminium is rising.

The basis for which Jiangsu has sought a review of the variable factors applicable to ARWs exported from China have evaporated – that is, the LME has recovered from the low levels of the April 2013 to March 2014 period and is now placed at levels that are not dissimilar to LME aluminium prices experienced in the 2010/11 investigation period.

Supporting Industry commentary

The attached commentary confirms Arrowcrest's comments above that LME aluminium prices have improved (see Non-Confidential Attached 2 article from Reuters). The improved aluminium prices, combined with "record" premiums, represent a turnaround from the earlier period. It is evidenced in Non-Confidential Attachment 2 that the LME has "surged" 27 per cent in the seven months to August 2014, and is 10 per cent up on 2013 levels.

Normal values

In a further development that LME aluminium prices have recovered, Non-Confidential Attachment 2 confirms the restart of aluminium smelters in China that were previously shutdown due to low aluminium prices. It is further stated that some high-cost Chinese aluminium smelters have returned to operate profitably. Of continued relevance to the subsidization and market situation findings for ARWs sold in China is the comment that *"Most of the Chinese restarts have been based on promised government subsidies"*. It is evident that GOC subsidies continue to prevail in the Chinese aluminium sector and that the subsidies and government influence have continued (and will continue into the foreseeable future).

The available information confirms the ongoing subsidies available to the Chinese aluminium sector. As determined by ACBPS in Report No. 181 the impact of GOC influence on raw material input prices and other determinants of supply in both the ARWs and upstream industries continues to support a finding that a market situation for ARWs in China is continuing.

Arrowcrest contends that the claimed reduction in LME aluminium prices by 25 per cent referred to by Jiangsu is no longer apparent. LME aluminium prices have recovered from earlier reductions and have increased in the seven months to August 2014 by 27 per cent. It is Arrowcrest's expectation that the increased aluminium prices will filter through to the Chinese ARW manufacturers and that normal values for ARWs in China will proportionally reflect the recent 27 surge in LME aluminium prices.

With the recovery in LME aluminium prices, it is Arrowcrest's view that the normal values for Chinese ARW manufacturers are unlikely to be materially different to the normal values determined for the 2010/11 investigation period.

Export Prices

The Commission examined Jiangsu's application for review and considered it did not supply information sufficient to demonstrate a change in the exporter's export price to Australia. In light of the recent increase in LME aluminium prices it is expected that Jiangsu's export prices to Australia would likely reflect export prices for other Chinese ARW exporters in 2010/11.

Arrowcrest does not anticipate that Chinese ARW export prices to Australia that take account of the increased LME aluminium (and for the premium alloyed aluminum) will be materially different to the export prices evident in 2010/11.

Arrowcrest Costs and Selling Price Data for 2013/14

Arrowcrest has completed Confidential Appendices A3, A5 and A6 for the 2013/14 year to assist the Commission with its analysis of a change in the variable factors (including the non-injurious price) applicable to ARWs exported from China.

Arrowcrest has also completed Confidential Appendix A8 nominating its selected representative.

Additionally, Arrowcrest has completed a breakdown of its total domestic sales of ARWs in 2013/14 (for OEM and Aftermarket sales) by wheel size. Please refer to the Confidential Attachments for OEM and Aftermarket sales for 2013/14 by size and finish.

The following comments concerning Arrowcrest OEM sales data are provided:

- [REDACTED]
 - Prices have not changed since FY11 and are not linked to LME.
- [REDACTED]
 - [REDACTED]
 - Prices [REDACTED] are updated quarterly for changes in the LME price for pure aluminium and for the MJP premium (MJP).
 - Whilst LME prices have fallen in FY14 the MJP has risen and in Q3-14 and Q4-14 (i.e. 1H15) LME prices have increased back to the FY11 level.
 - Any reduction in normal values for ARWs in China based on the temporary FY14 decline in LME prices would unfairly penalise Arrowcrest and would not reflect the higher LME and MJP now seen in 1H15.
- [REDACTED]
 - Prices are not reviewed regularly for variation in LME or MJP.
 - Prices are significantly higher reflecting the occasional purchase [REDACTED]
- [REDACTED]
 - These are [REDACTED] ARWs [REDACTED] with additional dunnage and labelling.
 - Selling prices for these [REDACTED] parts can be linked to LME & MJP prices but [REDACTED] these prices are not routinely adjusted for LME or MJP.
- [REDACTED]
 - [REDACTED]
 - [REDACTED] these prices are not routinely adjusted for LME or MJP.
- Conclusion:
 - [REDACTED]
 - Any reduction in normal values for ARWs in China based on the temporary FY14 decline in LME prices would unfairly penalise Arrowcrest and would not reflect the higher LME and MJP now seen in 1H15.

In respect of the Aftermarket sales by Arrowcrest [REDACTED] the following comments apply:

- Aftermarket selling prices are not determined by prevailing LME or MJP costs.
- Aftermarket prices are determined by consumer sentiment and competitor activity.
- Throughout FY14 consumer sentiment and therefore demand for aftermarket ARWs has been weaker, mirroring weaker national retail sales activity. Arrowcrest's competitors have moved prices down in a bid to stimulate demand and to capture a larger share of the reduced demand.
- Some importers [REDACTED] have also restructured their national sales activities as a result of the weaker sentiment.
- Arrowcrest has had to move its prices downwards as a direct result of the lower prices being offered by importers of ARWs from China.
- Arrowcrest notes that the combined cost of the LME and MJP for pure aluminium has risen in 1H15 to a level not significantly lower than the level recorded in FY11 from which the current measures were derived.
- Arrowcrest further notes that the future trend for LME and MJP prices is upwards, driven by the need for smelters to recover costs including the increasing costs for energy. See attached article *"Aluminium smelter restarts seen undermining global deficit outlook"* (Non-Confidential Attachment 2).
- It is noted that prices for alumina are also increasing. See attached article *"Examining Alcoa's alumina business"*. (Non-Confidential Attachment 3). (Please note: ROH purchases its pure aluminium from Alcoa Australia. The closure of Alcoa's Pt Henry smelter earlier this year bears witness to the fact the low LME prices experienced through FY14 are unsustainable.)

Conclusion on Changes in Variable Factors for ARWs exported from China

Arrowcrest submits that the LME aluminium and aluminium alloy prices have increased in 2014 to be at consistent levels evident in the original 2010/11 investigation period (please refer to Non-Confidential Attachment 1). The recent recovery in prices of LME aluminium and aluminium alloy has filtered through to normal values for Chinese ARWs in the third quarter of 2014. Arrowcrest contends that other costs of production (i.e. electricity) have increased since 2010/11, resulting in increased production costs for ARWs in 2014. Chinese ARWs would similarly have incurred increased production costs.

Jiangsu's application for review of measures has not taken full account of recent LME price movements for aluminium and aluminium alloy. This submission demonstrates that recent price increases in 2014 have returned raw material aluminium and aluminium alloys to 2010/11 levels, with ongoing price increases occurring. It is Arrowcrest's position that the asserted changes in each of the variable factors at the date of commencement of the review inquiry are not "material".

It is therefore proposed by Arrowcrest that the Commission recommend to the Parliamentary Secretary that the dumping and countervailing notices applicable to Chinese exporters of ARWs to Australia remain "unaltered".

If you have any questions concerning this submission, please do not hesitate to contact me on (08) 8468 4111 or Arrowcrest's consultant, John O'Connor on (07) 3342 1921.

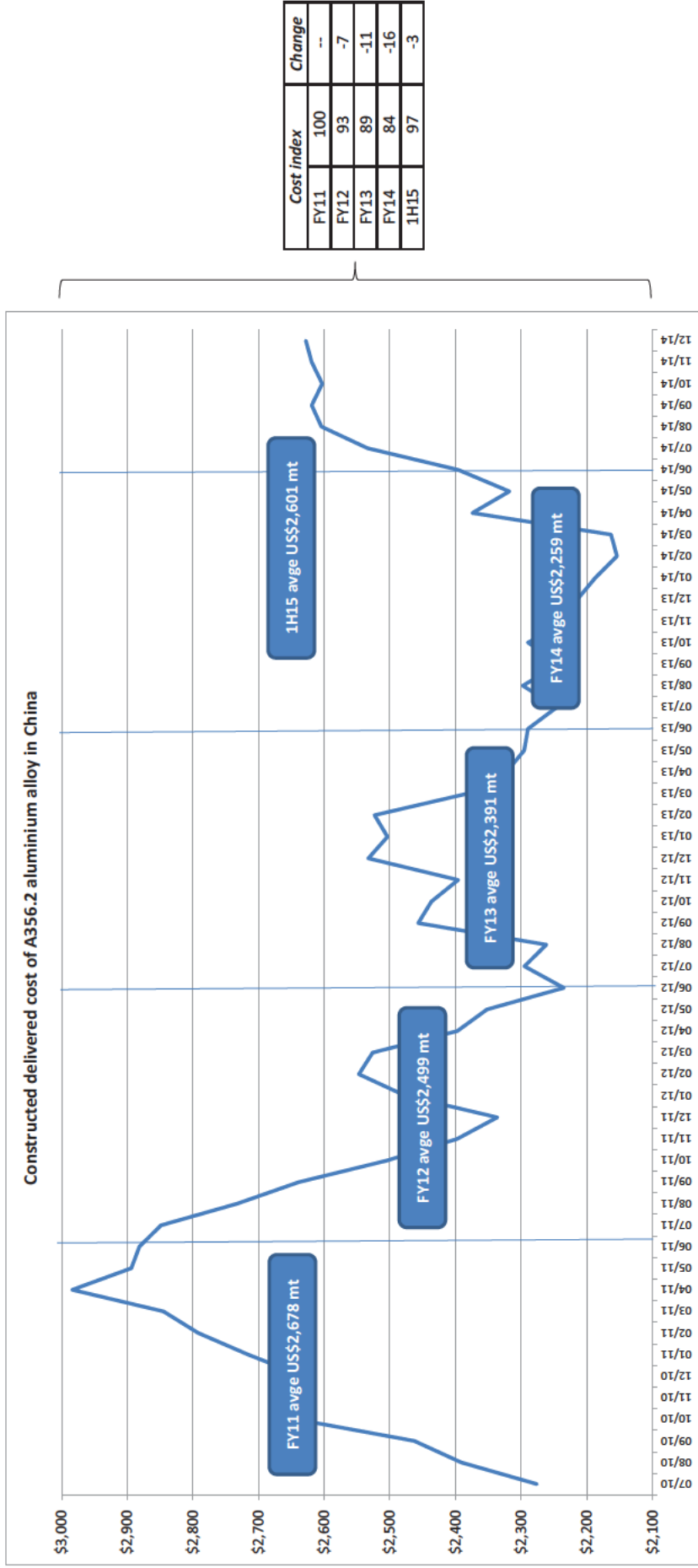
Yours sincerely



Bill Davidson
Director

List of Attachments enclosed:

1. Non-Confidential Attachment 1 – LME aluminium and aluminium alloy pricing.
2. Non-Confidential Attachment 2 – Aluminium Smelter restarts seen undermining global deficit outlook. *Reuters* 25 Sep-14. www.reuters.com/article/2014/09/25/aluminium-smelter-restarts-idUSL6N0RQ3UU20140925.
3. Non-Confidential Attachment 3 – Examining Alcoa's Alumina Business. *Forbes* 28 Mar-14. www.forbes.com/sites/greatspeculations/2014-03-28/examining-alcoas-alumina-business.
4. Confidential Appendices A3, A5, A6 & A8.
5. Arrowcrest OEM and Aftermarket Sales Summaries – Confidential.



Cost index	Change
FY11	100
FY12	93
FY13	89
FY14	84
1H15	97
	-3

Method :

Cost input	Source	Note
LME 3 month contract price	www.metalprices.com	1
Delivery cost	Main Japanese Premium per quarter. Alcoa Australia	2
A356.2 alloying cost	Average price difference between aluminium and aluminium alloy as quoted on the Yangtze River Non-ferrous Metal Spot Market - aluminium products - China. www.alu.com.cn	3
Exchange rate RMB : USD	www.x-rates.com	4

plus :

plus :

Notes :

1.	The 3 month contract price for pure aluminium is the average LME price in each month from July 2010 to September 2014. For Q4-14 Arrowcrest has used contract prices quoted to it by Alcoa Australia.		
2.	The Main Japanese Premium is the benchmark delivery premium for LME-priced aluminium in SE-Asia.		
3 & 4.	The website www.alu.com.cn does not report Yangtze River spot prices for the months Oct'10 to Jan'11 and Oct'12 to Aug'14. Arrowcrest has therefore applied the available price data as follows to construct an in-store cost of A356.2 aluminium :-		
For the period		Alloying cost applied	USD exchange rate applied
July 2010 to December 2010		Rmb 1,000	6.71
January 2011 to March 2011		Rmb 1,000	6.464
April 2011 to December 2011		Rmb 1,200	6.464
January 2012 to June 2012		Rmb 1,200	6.309
July 2012 to December 2012		Rmb 1,135	6.309
January 2013 to December 2013		Rmb 1,135	6.149
January 2014 to December 2014		Rmb 1,000	6.165

UPDATE 1-Aluminium smelter restarts seen undermining global deficit outlook

Thu Sep 25, 2014 10:44am EDT

* China firing up mothballed smelters after price rise

* Previous shutdowns contributed to forecasts for deficit

* Graphic on China output: link.reuters.com/ceh48t (Adds comment from Rusal in paragraphs 19-20)

By Eric Onstad

LONDON, Sept 25 (Reuters) - Higher aluminium prices have prompted some Chinese smelters to abandon production cutbacks and are seen leading to restarts of other plants, chipping away at what was expected to be the first global deficit after years of oversupply.

A rally in London Metal Exchange (LME) futures contracts this year plus record premiums, or charges to obtain physical material, have sharply improved the financial stance of many smelters that were in the red last year.

"You've moved the profitability of the industry dramatically this year, from most of it losing money to almost all of it being cash-positive ... so the next risk is that you get restarts," Stephen Briggs, a metals strategist at BNP Paribas in London, said.
"Quite quickly you can get to a position where the deficit gets smaller."

The benchmark aluminium price on the LME surged 27 percent in the seven months to the end of August to an 18-month peak. It has since given up some of those gains but is still up about 10 percent so far this year.

The rally was partly driven by speculators, who expected the market to swing into deficit this year after many years of overproduction and surpluses.

SMELTERS FIRING UP

The consensus median forecast of analysts polled by Reuters in July was for a surplus of 235,500 tonnes this year, moving to a deficit of 4,444 tonnes in 2015. A significant minority of analysts expected a deficit in both years.

Those deficit forecasts were partly based on moves by aluminium producers around the world in recent years to slash capacity by millions of tonnes, but analysts may have to rejig their estimates as some smelters start firing up again.

Chinese restarts are the main focus, since many high-cost smelters were hit hard by the price declines but have now moved into the black.

So far this year, some 1.3 million tonnes of annual capacity has gone back online in China, according to Richard Lu at consultancy AZ China in Beijing.

"We suppose there might be some small additional restarts in the northwest like Gansu Province ... and the (restarts) number for the full year will be about 1.6 million tonnes per annum," he said.

Chinese primary aluminium output rose 8.8 percent year-on-year to 2.027 million tonnes in August, the first time it has broken above the 2 million mark, Commerzbank said in a note.

Most of the Chinese restarts have been based on promised government subsidies, Lu added.

RUSAL QUESTION

So far, there have not been widespread moves to restart shut smelters outside of China, but continued firm prices and strong premiums could tempt some producers, analysts said.

Japanese aluminium premiums were set last week mostly at record highs of \$420 a tonne, up 70 percent from a year ago, while European and U.S. premiums have been hovering at record levels.

The world's biggest aluminium producer, United Company Rusal, said on Tuesday that about 40 percent of mothballed capacity could be restarted if prices were buoyant.

"I am tipping Rusal will bring a plant back soon, maybe even this year, but Alcoa won't even think about it until the LME is at \$2,700," Paul Adkins of AZ China said.

While closed smelters owned by Alcoa Inc would need an LME price of at least \$2,500 a tonne to make restarting profitable, Rusal could do so at a lower price, AZ China's Adkins told the Reuters Global Base Metals Forum.

A Rusal spokeswoman, however, said the group would only consider restarting its smelters when the LME price reached \$2,500-\$2,700 per tonne.

"Other key restart drivers will be the alumina cost and the Russian ruble against U.S. dollar exchange rate," the spokeswoman said in an email.

Despite possible restarts, Rusal forecasts a global market deficit of 1.2 million to 1.3 million tonnes next year, down from a deficit of 1.5 million this year, First Deputy Chief Executive Vladislav Soloviev said on Tuesday.

LME benchmark aluminium was trading at around \$1,960 a tonne on Thursday. (Additional reporting by Maha El Dahan in Abu Dhabi; Editing by Veronica Brown and Jane Baird)

3/28/2014 @ 1:40PM 3,904 views

Examining Alcoa's Alumina Business



TREFIS **Trefis Team**, Contributor

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Alcoa is a leading producer of alumina, aluminum and products made from aluminum. There was a time when the company's results were closely eyed since it was the first Dow company to post earnings and give investors a glimpse to the likely results of other industrial goods producers.

However, Alcoa AA +0.45% was ousted from the Dow Jones Index last year. Nevertheless, aluminum, being one of the most important industrial metals, is closely tracked and followed by analysts and investors alike. Although Russian company UC Rusal is the biggest producer of aluminum by volume, Alcoa's foreign listing makes it more important from an investor's point of view.

Alcoa is a fully integrated producer of aluminum: it mines bauxite, refines it into alumina, makes primary aluminum and also produces midstream products like flat rolled sheets and downstream engineered products.

In this article, we take a closer look at Alcoa's alumina business division. We will describe the cost structure of the business, the pricing mechanism for alumina, the reasons behind the poor performance of the division in recent times and the future outlook.

[See Full Analysis for Alcoa Here](#)

What Does The Alumina Division Do?

Alcoa's alumina business involves processing bauxite and refining it to obtain alumina. It comprises Alcoa's worldwide refinery system and bauxite mining operations. A major portion of bauxite mined by Alcoa is used internally. However, Alcoa also sources bauxite from third-party sellers to meet its requirements.

The alumina obtained by refining is sold directly to internal and external aluminum smelter customers worldwide or is sold to customers who process it into industrial chemical products. A portion of this segment's third-party sales are completed through the use of agents, alumina traders and distributors. Slightly more than half of Alcoa's alumina production is sold under supply contracts to third parties worldwide while the remainder is used internally by the primary metals segment to produce aluminum.

In 2013, Alcoa's alumina division revenues were \$3.3 billion from third-party sales while inter-segment sales accounted for \$2.2 billion worth of sales.

Cost Structure

Bauxite and caustic soda constitute nearly 50% of the production cost for alumina with bauxite's share at approximately 30%. However, the precise breakdown shows large variations depending on the grade of bauxite used and proximity of the alumina refinery from the bauxite mine. Low grade bauxite needs more caustic soda for processing while transportation costs add to the overall cost of bauxite.

The other cost components are electricity, natural gas and fuel oil. Electricity costs are typically around 25% of total production costs for alumina.

Pricing Mechanism

Alumina has historically been priced as a percentage of the more liquid and transparent aluminum price quoted on the London Metal Exchange. Contract terms have historically fluctuated in the range of 12-14% of the LME aluminum metal price. This ratio is typically arrived at through negotiations between alumina refiners and aluminum smelters, who are the customers. Spot prices have been much more volatile as the alumina spot market is a very thin market. For 2012, our calculations show that taking into consideration only third-party alumina sales, Alcoa's average realized price for alumina was approximately 14.2% of the average realized price for aluminum.

Over the years, the aluminum industry has moved away from a vertically integrated model where producers had their own bauxite mines and alumina refineries. Many independent aluminum smelters have come up and they buy alumina in the spot market. In such a case, a fair price discovery can be better achieved through market mechanisms.

Therefore, Alcoa has implemented a move to price alumina based on an index of spot alumina prices rather than as a percentage of LME-based aluminum price. This change is expected to affect approximately 20% of annual contracts coming up for renewal each year. It will more fairly reflect the fundamentals of the alumina business in its own right, including the cost of raw materials and transportation.

Over time, we expect the pricing to be driven by the demand-supply dynamics for alumina in its own right rather than being linked to aluminum. By the end of 2014, Alcoa expects around 65% of alumina third-party shipments to be linked to the alumina price index or spot price. Over the

course of the year, we will be checking to see if this expectation has borne out.

While several indices are used by industry players, Alcoa favors the use of the index developed by Platts.

Financial Performance Of The Alumina Division And Outlook

In Q4 2013, the alumina division reported after-tax operating income of \$70 million compared to the Q3 2013 figure of \$67 million. The ATOI for the primary metals segment, however, stood at a negative \$35 million compared to a positive \$8 million in the previous quarter. The performance of the primary metals segment was impacted largely by lower LME prices of aluminum, but the improved performance of the alumina segment demonstrates that the two divisions are less inter-linked now than in the previous years. Indeed, the price index for alumina showed a positive trend in the quarter which helped offset the negative impact of alumina sales benchmarked against aluminum prices.

The price of caustic soda, an input for alumina production, is expected to remain stable in the foreseeable future and productivity related improvements will continue. Aluminum has been trading at much lower prices than last year and the outlook for commodities isn't looking up in the short term. QE tapering will lead to a stronger dollar and weaken commodity prices further.

At this time, the macroeconomic sentiment for Europe is weak and a sustainable economic recovery in the U.S. is still not guaranteed. China is self-sufficient in aluminum and in fact has excess production capacity. In short, we don't see much macroeconomic driven upside for aluminum prices going forward. This will keep margins and net profits down for the alumina division since at least half the quantity of alumina sold is still linked to aluminum prices.