

The Current Situation and Prospect of Chinese Aluminum Market

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Abstract

China's total bauxite consumption was 170 million tonnes in 2017, including 103 million tonnes of domestic ore and 66.5 million tonnes of imported ore. The data shows that Chinese foreign-ore dependence was 40%, and it is expected to increase to 55-60% in the next five years. Chinese domestic bauxite prices keep rising due to environmental inspections and management on mines. Price of imported bauxite from Australia remains stable. Indian bauxite price keeps flat after declining to the cost curve, and Malaysia bauxite price edges up due to environmental tax and rising freight rate.

According to Aladdiny data, Chinese alumina production was 30.02 million tonnes in 2010, and increase to 70.52 million tonnes in 2017, which was approximately 57 % of world production. Aladdiny predicts that Chinese alumina capacity will increase to 97.25 million tonnes and production will be around 86 million tonnes in 2022. Coastal alumina projects will change alumina supply structure in China.

Chinese primary aluminum production was 36.53 million tonnes in 2017 which was approximately 57 % of world production. The primary aluminum production capacity was 43.57 million tonnes. 4 million tonnes of illegal smelting capacity have been shut down since 2017 due to the supply-side reform.

China's aluminum industry has stopped disorderly expanding and the growth of smelting capacity has slowed down. The supply-side reform will continue, and the growth of capacity will slow down significantly in next few years. Chinese government began to implement production cut policy in the heating season 2017, making a great impact on aluminum and alumina market. During the heating season 2017-2018, 0.9 million tonnes of smelting capacity and 6 million tonnes of refining capacity have been closed. The policy will continue this year, and more regions will be possibly included. Bauxite prices move up as a result of environmental policy.

Keywords: China bauxite consumption, China alumina production, China aluminium production, China supply-side reform.