

The Outlook for Third-Party Bauxite Trade and the Potential Impacts of Country Policies

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Abstract

Over the past ten years, growth in seaborne traded bauxite imports into China have grown at a compound annual growth rate (CAGR) estimated by CM at approximately 10 %. This growth has been driven by strong primary aluminium demand growth in China, as well as a significant deterioration in China's own domestic bauxite grades. Chinese refiners initially targeted Indonesia and Malaysia to replace domestic supply and to satisfy its strongly growing alumina refining sector, however, both countries responded by introducing temporary restrictions to bauxite exports, which forced Chinese refiners to look further afield. More recently, Chinese companies have turned to Guinea, which holds more commercially processable bauxite than any other country. Over the period 2016 to 2021, Guinea witnessed an explosion in bauxites exports to China, estimated by CM at 35 % CAGR over the 5-year period.

With domestic grades continuing to deteriorate in China and primary aluminium demand outlook remaining strong, CM is forecasting higher traded bauxite volumes into China over the next 2-5 years. Furthermore, we forecast other countries and regions, such as India and the Middle East, to increase their imports of Guinean bauxite, as each seeks to grow its domestic alumina refining capacity.

Rapidly increasing bauxite exports have attracted the attention of governments from the world's major exporting countries, as they seek to encourage in-country value-add investment, rather than allow the export of their natural resources. Two major bauxite exporting countries, Guinea and Indonesia, are planning to implement policies that could result in bauxite exports either ceasing altogether, in the case of Indonesia, or potentially reducing or at least being capped, in the case of Guinea. Both are seeking to force established bauxite exporters to build and operate alumina refineries in-country.

Successful execution of these policies would have a significant impact on the global bauxite and alumina supply demand balance, so how likely are they to be implemented and what would be the outcome? This paper presents the current status of third-party global bauxite supply and seeks to explore some scenarios under different export policy rollout.

Keywords: Global bauxite markets, Bauxite export policies.