



AUSTRALIAN
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COUNCIL LTD

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Dear Minister

Australian Aluminium Council Submission - United Arab Emirates (UAE) and the Gulf Cooperation Council (GCC) Free Trade Negotiations (FTA)

The Australian Aluminium Council (the Council) welcomes the opportunity to provide this submission from the Australian industry to help inform the Australian Government as it seeks to resume negotiations on potential FTA's with both the UAE and the GCC (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE).

Primary aluminium is made from an ore called bauxite, which is refined to make alumina before being smelted to make aluminium. It takes 4-6 tonnes of bauxite (depending on the quality) to make ~2 tonnes of alumina, which then makes 1 tonne of aluminium (Figure 1).



Figure 1. Aluminium Production Schematic

The Council represents Australia's bauxite mining, alumina refining, aluminium smelting and downstream processing industries. The aluminium industry has been operating in Australia since 1955, and over the decades has been a significant contributor to the nation's economy. It includes five large (>10 Mt per annum) bauxite mines plus several smaller mines which collectively produce over 100 Mt per annum making Australia the world's largest producer of bauxite. Australia is the world's largest exporter of alumina with six alumina refineries producing around 20 Mt per annum of alumina. Australia is the sixth largest producer of aluminium, with four aluminium smelters and additional downstream processing industries including more than 20 extrusion presses. Aluminium is Australia's highest earning manufacturing export. The industry directly employs more than 17,000 people, including 4,000 full time equivalent contractors. It also indirectly supports around 60,000 families predominantly in regional Australia (Figure 2).

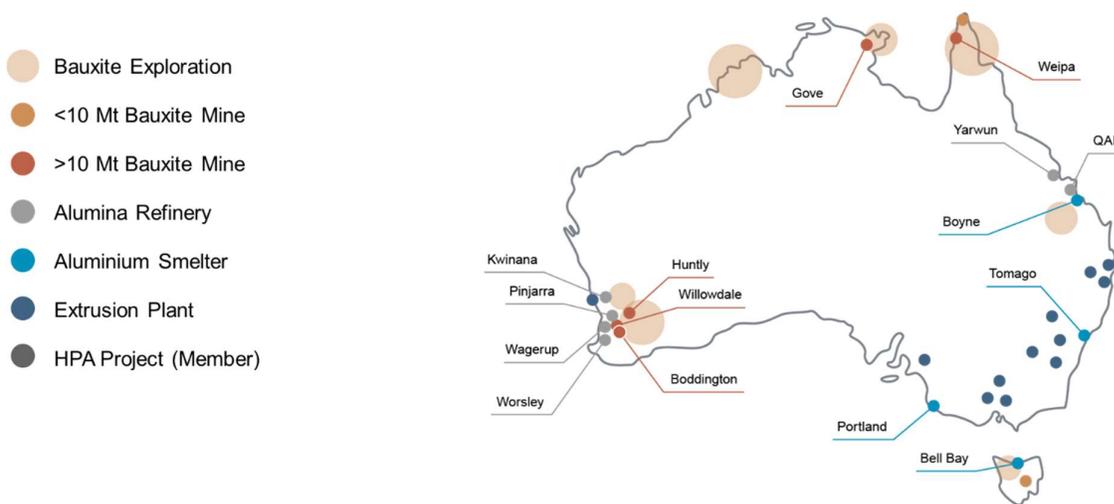


Figure 2. Aluminium Industry Locations in Australia

Both Australia and the GCC (including the UAE) are significant producers within the bauxite, alumina and aluminium industries, and there is already some trade between the regions; particularly of alumina. Producers in the GCC include Ma’aden in Saudi Arabia, Emirates Global Aluminium in the UAE, Alba in Bahrain, Sohar in Oman and Qatalum in Qatar¹. The GCC has seen substantial growth in the region in the last decade and currently produces around 5 Mt of bauxite, 3 Mt of alumina and 6 Mt² of primary aluminium³. This represents around 9% of global production of aluminium and is the largest production region outside of China⁴.

To produce this 6 Mt of primary aluminium would require consumption of approximately 12 Mt of alumina (or 24-26 Mt of bauxite). Therefore, the GCC is short in bauxite⁵ and alumina, presenting a trade opportunity for Australian producers. In 2020, Australia exported 2.8 Mt of alumina to UAE, 2.3 Mt to Bahrain, 0.8 Mt to Oman and 0.6 Mt to Qatar; representing a combined 36% of Australia’s alumina exports⁶.

The Council would support the continued engagement of Australia’s aluminium industry in the development of these FTAs. The Council is happy to provide further information on any of the issues raised in this submission.

Kind regards,

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¹ <https://www.maden.com.sa/>, <https://www.ega.ae/en>, <https://www.albasmelter.com/en/>, <https://www.sohar-aluminium.com/>, <https://www.qatalum.com/Pages/Home.aspx#>

² Combined production from EGA’s two smelters is approximately 2.5 Mt per annum <https://www.ega.ae/en/about-us/operations>

³ Source: International Aluminium Institute, Alucycle

⁴ <https://international-aluminium.org/statistics/primary-aluminium-production/>

⁵ Companies in the GCC are increasingly investing directly in production of bauxite from Guinea to meet this shortfall.

⁶ <https://aluminium.org.au/wp-content/uploads/2021/10/211025-Australias-Aluminium-Industry-Trade-Competitiveness.pdf>