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Vietnam, China in \$1.6 Bln Bauxite/alumina Deal

By Reuters Staff



HANOI (Reuters) - The Vietnam National Coal-Mineral Industries Group and Aluminum Corp. of China Ltd. [2600.HK](#), or Chalco, will invest around \$1.6 billion in mining bauxite and refining alumina, they said on Wednesday.

The two firms signed a framework agreement on the project last Thursday in Hanoi during a visit by Chinese President Hu Jintao before he attended an Asia-Pacific summit.

“After the two governments approve the project’s pre-feasibility study, both sides will start working on its feasibility study with a total investment of around \$1.6 billion,” the Vietnamese firm, the country’s top miner, said in a statement on its Web site at www.vinacomin.com.vn.

The unlisted Vietnamese firm, known as Vinacomin, said bauxite would be mined in the central highland province of Dak Nong to produce 1.9 million tonnes of alumina in the first phase of the project.

The next phase envisages alumina output rising to 4 million tonnes annually, Chalco said in a statement on its Web site, www.chalco.com.cn.

Chalco’s spokeswoman Zhang Qing said the pact signed last week was only a framework agreement.

Both Vinacomin and Chalco did not say how much each firm would contribute to the project.

Chalco is the world's second-largest producer of alumina, a white powder refined from bauxite ore to make aluminum.

Vietnam's bauxite ore reserves are estimated at between 5.6 billion and 8.3 billion tonnes, the world's third-largest after Guinea and Australia and mostly unmined.

Most of the ore reserves are in the Central Highlands, the key coffee growing region where the mining industry has planned several bauxite projects.

Vinacomin said it was also considering a \$1-billion joint venture with U.S. aluminum producer Alcoa Inc. [AA.N](#) for a similar project in Dak Nong between 2007 and 2010.

Chalco was among big players from the United States, Japan, China, South Korea and Russia who signed deals with Vietnam last week as 21 Asia-Pacific Economic Cooperation APEC leaders pushed the forum's free trade agenda and vowed to fight terrorism.

Vietnam and China revised upwards the trade target for 2010 to \$15 billion from \$10 billion during Hu's visit last week. They are expected to generate already \$10.2 billion from trade this year.

Additional reporting by Polly Yam in Hong Kong

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