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Tan Rai alumina plant product launch further delayed

Van Nam

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HCMC - Tan Rai alumina plant in Lam Dong Province will begin pilot operation in November and launch maiden products in late January 2013, marking the fourth time that the product launch has been delayed since March 2011.

This was informed by a representative from the Department of Heavy Industry under the Ministry of Industry and Trade at a press conference on Monday

When starting official operation, Tan Rai alumina plant will produce some 630,000 tons per year. Previously, a senior official of the trade ministry said a number of countries like China and Japan were in talks to purchase alumina from the plant.

Tan Rai alumina plant worth around US\$700 million in investment capital got off the ground in October 2008.

Apart from this project, Vietnam National Coal and Mineral Industries Group (Vinacomin) is developing Nhan Co alumina plant in Dak Nong Province nearby. The plant worth some US\$700 million is designed with a capacity of 650,000 tons per year and will launch maiden products in 2014.

The trade ministry has completed a planning for bauxite development in Vietnam and the Ministry of Natural Resources and Environment has screened the environmental impacts of this planning, said the representative of the heavy industry department.

The fact that the Tan Rai alumina project has fallen one year behind schedule has pushed up the total investment cost by nearly VND1.1 trillion (US\$52.8 million). Assuming that the annual interest rate was 7%, repayment of investment loan (both principal and interest) would be around VND2.2 trillion per year, said Nguyen Thanh Son, director of the Red River Delta coal project authority under Vinacomin, in Sai Gon Tiep Thi.

If the plant operates at full capacity, the total operating cost will be about VND2.5 trillion a year. Thus, the factory price of alumina will be some US\$375 per ton.

Son predicted the global price of aluminum would be US\$2,300 a ton in 2013, so alumina export price could only reach US\$345 per ton. With shipping costs and export tax factored in, Vinacomin would incur a loss of US\$124 for every ton of alumina, or a total of US\$74.4 million each year, Son said.

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