

Chinese demand for fuel-efficient cars lifts Weipa bauxite projects

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SURGING Chinese demand for aluminium is set to create hundreds of new mining jobs in the Weipa area, home to one of the world's richest deposits of bauxite.

Brisbane-based Metro Mining last week said Lubei Chemicals, China's fifth-largest bauxite importer, intended to buy up to one million tonnes of bauxite annually from the company for the next three years.

Metro joins mining giant Rio Tinto and smaller companies such as Metallica Minerals in tapping the region's huge deposits of bauxite, a key ingredient in the production of aluminium.

Australia is expected to become a bigger supplier of bauxite to China over the next decade as supply wanes from Indonesia and Malaysia.

Commodity research analysts CM Group says bauxite imports to China are forecast to almost triple to 136 million tonnes over the next decade.

Australia shipped about 21.3 million tonnes of bauxite to China last year.

To prepare for increasing demand, Rio Tinto this year awarded more than \$900 million in construction contracts for its Amrun mine, 40km south of Weipa.

The \$2.6 billion project is expected to employ 1400 people when it starts production in 2019, replacing the company's depleting East Weipa bauxite mine.

The rich bauxite deposits around Weipa were first discovered in the late 1700s, but commercial mining did not begin until the 1960s when Comalco started operations.

Metro Mining chief executive Simon Finnis said much of the renewed demand was being driven by Chinese vehicle manufacturers which were making lighter, more fuel-efficient vehicles.

Mr Finnis said China currently produced 40 million tonnes of aluminium each year and that was expected to grow to 50 million tonnes over the next five years.

He said in the past decade falling power prices in China has made it more cost-effective for Chinese smelters to make aluminium.

Metro already has a supply agreement with China's Xinfra Group, which owns and operates power stations, alumina refineries and an aluminium smelter in China's Shandong province.

Metro's mine will employ 185 people when production starts next year.

Metallica Minerals chief executive Simon Slesarewich said the fundamentals of bauxite would remain strong as demand for fuel-efficient cars, planes and trains continued.

"The majority of the iconic Ford F100 is now made of aluminium," Mr Slesarewich said.

"In terms of where the demand is coming from, all roads lead to China."

Metallica Minerals expects to start production of its Urquhart project, southwest of Weipa, in the next three months following a \$4 million capital raising.