

RusAl Sets Alloy Joint Venture With China

By [The Moscow Times](#)

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United Company RusAl said Tuesday that it agreed to create an alloy production venture with China North Industries Corporation and buy a stake in a trading unit as it seeks access to Asia's biggest economy.

RusAl, controlled by billionaire Oleg Deripaska, will own at least 51 percent of the venture that will make and sell the material used to make cans and wheels, the world's largest aluminum producer said in a statement.

In line with Deripaska's target of expanding RusAl sales in Asia to 30 percent of its total this year, from 20 percent in 2009, the aluminum maker will buy shares of a trading unit of China North, also known as Norinco. The Russian company said it would take a 33 percent stake in Shenzhen North Investment Corporation, a distributor of primary aluminum in China and Southeast Asia.

Deripaska has tapped Asia, and China in particular, to support his businesses during the global economic crisis and help expand assets that range from cement makers to auto plants and electricity stations. The billionaire is seeking to sell shares in two more companies in Hong Kong after RusAl raised \$2.24 billion in the city in an initial public offering this year, the first Russian company to do so.

“The Asian market is one of the company’s top priorities and is strategically important in terms of the promotional support behind our products,” Deripaska said in the statement.

RusAl will provide the facilities and metal at its plants, which are based in Siberia, close to China, to commission alloys production with Norinco. The Chinese partner will supply equipment and working capital, RusAl said.

A stake in the trader will give RusAl two board seats at the Norinco unit, including the chance to nominate its chairman, and two members of the management team. The deal is subject to Chinese regulatory approval, RusAl said.

RusAl’s sales to China, “small” this year, will rise once the company is qualified to sell on the Shanghai Metal Exchange, which is expected by the end of this year, RusAl first deputy chief executive Vladislav Soloviev said in September. China can account for as much as half of RusAl’s Asian sales, he said. China’s demand growth rate is the fastest, Deripaska said last week.

RusAl expects to produce 4.1 million metric tons of aluminum next year, with the alloy output rising to 1.5 million tons from 1.3 million tons.

RusAl agreed last year with Norinco to supply Asia with as much as 2 million metric tons of aluminum alloys, valued at more than \$4 billion, a year from its Siberian plants.

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