

Bosnia and Herzegovina: Possible restart of Aluminij Mostar production

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The restart of production would take place in stages, while the operation of the foundry should be resumed first. Shareholders' Assembly of Bosnian aluminium producer Aluminij Mostar, which stopped production last July, has accepted the offer of Israeli-Chinese Abraham Group on the lease of its facilities.

The Government of the Federation of Bosnia and Herzegovina (FBiH), as Aluminij's largest shareholder, accepted the offer, expressing hopes that the production would be restarted soon. However, representatives of small shareholders voted against the offer, claiming that state is practically gifting the company to Israeli-Chinese consortium, thus incurring damages of over 250 million euros.

FBiH Government is the largest single shareholder with 44 % stake in Aluminij, while small shareholders hold the same amount of shares. The remaining 12 % stake is owned by the Croatian Government.

Aluminij Mostar has been disconnected from the electricity network on midnight 10 July. Therefore, the largest electricity consumer in Bosnia and Herzegovina (BiH) has stopped production, probably permanently, because due to the production process, equipment gets damaged when the production is halted. Aluminij was one of the largest electricity consumers, when it worked at full capacity, it was accounted for a quarter of total consumption in BiH. In mid-June 2019, power utility EP HZHB announced that it will stop supplying electricity to the plant on 16 June and that Aluminij should find a new supplier. The company managed to secure the supply of electricity for the next two weeks after power utility EP HZHB announced that it will stop supplying the company after 16 June due to accumulated debt. Total accumulated debt of Aluminij Mostar for delivered electricity amounts to over 140 million euros and the company even failed to fulfill the agreed postponed payments by 60+60 days.