

**ALUMINIUM FEDERATION
HOUSE OF LORDS LUNCH
WEDNESDAY 7TH JULY 2010**

**SPEECH BY THE ALUMINIUM FEDERATION PRESIDENT, MR COLIN DAVIES
SALES DIRECTOR – AEROSPACE, ALCOA EUROPE FLAT ROLLED
PRODUCTS**

Baroness Gardner, My Lords, Ladies and Gentlemen,

On behalf of the members of the Aluminium Federation, I would like to welcome you to this Lunch, the main objective of which is to raise and debate issues that are important to the UK Aluminium Industry and, we hope, that are also of interest to Members of both Houses of Parliament.

I must, first of all, thank our host today, Baroness Gardner, who is a constant and very enthusiastic supporter of our industry.

I am delighted to tell you that we have an all-time record attendance today for this annual event, which dates back over 30 years.

I would like to welcome all our Parliamentary guests, senior members of our industry and our other guests.

I am also delighted to welcome the members and officers of several Trade Associations from other industries, which face the same issues and challenges as we do.

We also welcome the two winners of the “Power of Aluminium” Awards, together with their tutors and the Chairman of the judging panel – I will tell you more about these Awards a bit later on.

We usually hold this lunch in May, but we obviously had to change our arrangements for a very good reason this year!

We welcome several new MPs today, who represent constituencies which have aluminium plants located in them.

The past year has been a difficult one for our industry, as for so many other UK manufacturing sectors.

Last September the Anglesey Aluminium Primary Smelter ceased aluminium production with the loss of 300 jobs, taking 150,000 tonnes of capacity, almost 50%, out of the UK market. It is encouraging that the plant has been converted into an Aluminium remelting facility albeit with less capacity and far fewer numbers employed. This followed on from the closure of the Novelis rolling mill at Rogerstone with the loss of 400 jobs in April 2009, which we reported at last year's Lunch. A major secondary aluminium company in Cheshire also closed last year but has since been bought by new investors. Let us hope that the Government's new found recognition of the manufacturing sector will help to slow the recent trend in closures, job losses and consolidation in our sector.

I must at this point pay tribute to the invaluable support that we receive from our All-Party Parliamentary Group. Chair of the Group, Albert Owen who is with us today, represents Anglesey and worked tirelessly with the company and the then Government to try to find a solution to the power contract problems.

ALFED has held three very successful Parliamentary Breakfast Meetings over the last year with the All-Party Group, and another one is scheduled for 12 October.

As a direct result of one of these Breakfast Meetings an Adjournment Debate on the UK Aluminium Industry, led by Philip Dunne MP, was held on 2 February in the House of Commons. Various issues of crucial importance to our industry were debated including the Government's decision to reduce the Climate Change Levy rebate for energy-intensive industries from 80% to 65%.

Two days later we had a “summit” meeting with Lord Mandelson’s deputy at the Department of Business Innovation and Skills to discuss our concerns about several issues such as energy costs and supply and competitiveness.

I clearly recall David Cameron’s statement during one of the televised leaders’ debates before the General Election – “We need to learn how to make things again”, or words to that effect.

I was invited to attend the Secretary of State for Business’s first major speech just a few weeks ago in London and was very encouraged to hear his promise to support UK Manufacturing.

ALFED also holds an annual Briefing in London for Senior Civil Servants and liaises closely with Government Departments on such issues as the Climate Change Levy and the EU Emissions Trading Scheme. You will hear more about these issues from our next speaker.

We welcome the Government’s announcement in the last Budget that it will conduct a formal review of the Climate Change Levy. Energy accounts for up to 35% of many aluminium producers’ costs.

We have found ALFED’s membership of the Manufacturers Climate Change Group to be very helpful in the dialogue with Government and Government Departments – members of the MCCG are with us today.

The guest speaker at ALFED’s Annual Dinner on 10 November will be Lord Digby Jones of Birmingham, who I’m sure will have some interesting and no doubt possibly controversial points to make about the current state of UK manufacturing and the reasons (and solutions) for its problems.

However, all is not doom and gloom within our industry's key market sectors of Building, Transport and Packaging.

Some of our member companies are involved in major building projects for the 2012 Olympics. We know, for example, that the Aquatics Centre and Velodrome will both have aluminium roofs.

Many of the major car companies, notably Jaguar Land Rover and Audi, are using more and more aluminium in their vehicles. The new Range Rover launched last week has an aluminium body.

My company is a major supplier to Airbus and you will hear more about Airbus from our second speaker.

Airbus recently received an order for 32 A380s, the largest passenger plane ever built. Over 70% of the A380's structure is aluminium.

Although composites will inevitably gain market share, you will hear from our guest speaker from Airbus that significant opportunities exist for aluminium for the next generation single-aisle aircraft, as advanced metallic solutions fight back.

My company is also supporting our troops in Afghanistan through the supply of aluminium plate for armoured vehicles. I recently visited the Treasury to try and get earlier visibility of the release of funds so that we, in turn, can react quicker to support the needs of our forces from our manufacturing base.

Aluminium continues to hold a very strong position in the food and drink packaging sector, backed up by our industry's impressive record on recycling.

This year sees the Centenary of aluminium foil packaging.

ALFED Member Association, the Aluminium Packaging Recycling Organisation, or "Alupro" for short, celebrated its 21st anniversary last week with a major conference, entitled "Stepping up To the Challenge".

Over the past 21 years, recycling has become a part of our national way of life driven by the need to reduce landfill and encourage more sustainable use of resources.

Within the UK Aluminium Industry, we can look back on an overall aluminium packaging recycling rate that has grown from less than 2% in 1989 to the current 42%. At last week's Conference, Alupro announced that the UK recycling rate for aluminium drinks cans had reached a very impressive 55%.

However, the demand for higher recycling rates means new challenges. Our industry is working hard to improve the collection infrastructure, encouraging greater public participation and increasing "capture" rates.

Aluminium recycling rates for our other market sectors are also impressive, with Transport reaching 90% and Building 95%.

I hope that the new Coalition Government will live up to its pre-Election promises to support UK manufacturing and protect its competitiveness.

One of Britain's foremost industrialists, Sir John Rose, Chief executive of Rolls Royce, was quoted in "The Times" last week stating that Manufacturing was the key to recovery in the UK. But we have become complacent and are slipping down the world league table of manufacturing capability.

We will be working hard through our All-Party Parliamentary Group to represent our industry's interests.

I will briefly mention our other two speakers at today's luncheon.

John Clarkson is Environmental Director for Alcan Aluminium UK Limited, and is based at the Primary Aluminium Smelter at Lynemouth, Northumberland.

John will speak on "The Cost of Carbon".

Colin Sirett of Airbus UK will speak about the Airbus projects and the importance to the UK manufacturing base. We are grateful to Colin for stepping in to take the place of Brian Fleet, who has had to attend another important engagement.

I mentioned the Power of Aluminium Awards earlier.

These national Awards, sponsored by the Aluminium Extruders Association in conjunction with the Aluminium Federation, were aimed specifically at student designers and student engineers.

The Power of Aluminium initiative is aimed at creating awareness of the wonderful properties of aluminium within the design community, and as a result, increase its use.

Any new design or product created after 1 January 2009, in which the use of aluminium extrusions formed an integral part, was eligible.

The judging panel included the award-winning furniture designer, Rodney Kinsman, who is with us today, and the Director of the London Design Museum, Deyan Sudjic.

The two winning designs are on display at the other end of the room.

The First Prize has been won by Grant Riley from Nottingham Trent University for his ingenious coat hanger design.

Runner-up is Nick Camilleri from London South Bank University for his "twist" lighting design system.

We applaud both Grant and Nick for their innovative use of aluminium and encourage them to continue to explore more new and exciting uses of Aluminium throughout their careers.

I would like to invite Baroness Gardner to present the Power of Aluminium Awards for 2009/2010, and I would ask their tutors to come up with them.

Grant Riley and his tutor Martin Higginson ...

Nicholas Camilleri and his tutor Robin Jones ...

In closing, I should once again like to thank you for your support of today's luncheon and look forward to working with you more closely over the coming two years to ensure our Aluminium Industry's needs are heard and addressed, and to strengthen UK manufacturing as a whole.

Thank you.