

ALFED President's speech

*This is an unedited version of the Alfed president's speech delivered at the annual dinner on Wednesday, November 10.

Distinguished Guests, My Lords, Ladies and Gentlemen,

It is a great privilege for me as President of the Aluminium Federation to welcome you formally to our Annual Dinner.

This event, held in this wonderful, historic hall, is undoubtedly the outstanding highlight of ALFED's calendar of events.

In addition to senior members of our industry, we are delighted to welcome our guests from both Houses of Parliament, from Government Departments, the media and from the academic world.

Furthermore, I am very pleased to welcome several of our guests here tonight from across the world and from organisations representing the worldwide aluminium industry.

These organisations include the European Aluminium Association, the International Aluminium Institute and the OEA – the European Aluminium Recycling Organisation.

I am also delighted to welcome our distinguished Principal Guest and Speaker, Digby, Lord Jones of Birmingham.

By tradition, the President's speech is essentially a status report on the UK Aluminium Industry.

However, I am not going to dwell too much tonight on the problems and issues that our industry and many other UK industries face.

I would like to take my theme and inspiration from Sir Edmund Hillary after climbing Everest who stated – "It is not the mountain we conquer, but ourselves."

Nevertheless, we cannot escape the fact that we have faced major closures and serious loss of membership in the past two years.

ALFED's role is changing, and even more emphasis will be given to supporting the needs of our Members and Member Associations.

With this in mind, our Council is carrying out a Strategic Review of its activities, looking at the role ALFED can play in developing the market for aluminium products in the UK, and beyond through closer collaboration with the EAA.

We are facing major environmental and legislative challenges, through the Climate Change Agreement/Climate Change Levy and the European Union's Emissions Trading Scheme.

With the introduction of Phase 3 of the EU ETS in 2013, it is now clearly accepted

that the Aluminium Industry, especially the upstream, energy-intensive side of the business, is at significant risk of 'carbon leakage'. Without Government support and appropriate compensation, a very serious threat is posed to continued primary aluminium production in the UK.

Global primary aluminium is now at record levels with major growth, especially in China and the Middle East.

Competitiveness, energy prices and energy supply and the urgent need for a level playing field, are all top of our agenda of key issues.

I look forward to hearing our Guest Speaker's views on Competitiveness and the other key issues facing UK Manufacturing Plc.

However, all is not doom and gloom.

Well, at least not in Wales, where we were thrilled last month to see our European Team win the Ryder cup on Welsh soil.

Returning to our industry, the first three quarters of this year have shown signs of recovery for some of our member companies and this looks like continuing through until the end of the year so that we can move forward into 2011 with an air of improved optimism.

The aluminium price on the LME 3 months is now up to a very healthy \$2500/tonne? Other metals are showing healthy gains.

Manufacturers in UK, USA and China have reported stronger activity and healthier order books in October, sending the stock markets higher, on hopes that the global recovery is based on firm foundations. The pound has risen strongly against other leading currencies, partly due to the unexpected surge in manufacturing activities, hitting a nine-month high against the dollar one week ago.

Our industry has an excellent record on Sustainability, through major reductions in emissions and energy, and highly successful recycling initiatives.

In all our key market sectors of Packaging, Transport, Building and Architecture, and General Engineering, our industry is indeed 'rising to the challenge'.

A good example is one of my own market sectors – Aerospace & Defence.

Airbus and Boeing having long order backlog positions for their aircraft programmes. The same, albeit to slightly lesser extent, is also true of regional jet manufactures such as Embraer and Bombardier.

Speaking at our annual Parliamentary Lunch in July, Colin Sirett, Head of

Research and Technology, Business Development and Partnerships at Airbus UK, reminded us that our industry needed to step up to the challenge posed by composite materials in the aerospace sector. He stated that "sometimes industry needs a catalyst to push itself to new heights". Through high technology, advanced metallic and design solutions we are demonstrating that metals can fight back in response to this challenge.

On the Defence front, we have all waited anxiously for the publication of the Government's Strategic Defence Review. This is of particular importance to my own Company Alcoa where, in the UK, we strive to support the needs of our troops in Afghanistan in supplying aluminium armour plate for UOR. Greater visibility of treasury funding in support of such will allow the supply chain to react quicker to this crucial need.

The recent announcement, and agreement, by Prime Minister David Cameron and French President Nicolas Sarkozy to share troops, aircraft carriers and nuclear testing facilities launches us into a new era of Anglo-French collaboration.

Perhaps a case of having to "Parlez Franglais mes Armées"

Mention of Parliament brings me to an area of activity – political lobbying – where ALFED undoubtedly 'punches above its weight' and is successfully communicating our industry's key issues to Government and Government Departments, through Breakfast Meetings and other briefing events, with the active engagement of our senior members.

We are most grateful for the invaluable role played by the Chair and Members of our All-Party Parliamentary Group.

I am delighted that several members of the APPG are with us tonight and I give special mention to the Chair, Albert Owen MP, and the Officers - Baroness Gardner of Parkes, Lord Brookman and Lord Davies of Coity, for their unstinting enthusiasm and support for our industry.

We also welcome back our former APPG Treasurer, Tim Boswell, who has returned to Parliament as Lord Boswell of Aynho.

I also thank Philip Dunne MP for leading an Adjournment Debate in the House of Commons in February on the key issues affecting our industry, which was supported by Adrian Bailey MP, who now chairs the Business, Innovation and Skills Select Committee and I am also delighted that these two gentlemen are able to be with us tonight.

Moving on to the use and application of our products:

More and more architects are specifying aluminium in major building projects, such as the Aquatics Centre and the Velodrome for the 2012 London Olympics not to mention the roof of the Millennium Stadium in Cardiff, undoubtedly the premier Rugby Stadium in the World.

2012 will also be an important year for ALFED, as we will celebrate our 50th Anniversary.

We are looking to be a sponsor of a major new exhibition opening that year at 'Thinktank', the Birmingham Museum of Science and Technology.

This exhibition, 'Made in Birmingham' will showcase metal products and development in packaging recycling.

Our industry is also playing a major role in the market successes achieved by Jaguar Land Rover and other automotive companies.

Demand from the packaging sector is holding firm.

The Aluminium Packaging Recycling Organisation (Alupro) beat last year's recycling targets and is on target to do the same this year.

I should also like to congratulate Alupro on celebrating their 21st anniversary this year.

Following the success of the first 'Power of Aluminium' Awards in 2008, the Aluminium Extruders Association, with ALFED's support, organised a new competition aimed specifically at student designers and engineers.

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

The Awards were presented at the House of Lords in July. You can see further details on ALFED's website and in ALFED's new Annual Report.

A further PoA Awards scheme will be run over the next two years.

The Awards tie in with ALFED's ongoing and long-established programme of technical lectures to Universities throughout the UK, co-ordinated by our consultant, Dr David Harris.

I must sincerely thank the small but dedicated and hard-working ALFED team for their energy, ideas and enthusiasm, in promoting both the interests of our

members and the interests of the UK Aluminium Industry.

I would like to make special mention of ALFED's Chief Executive, Will Savage, and of Ann Gough, who has masterminded the organisation of this event tonight.

I would also like to thank the sponsors of our event tonight for their generosity and support – their details are printed in your programme.

In conclusion, and in response to Sir Edmund Hilary's quote referenced earlier, we must all, indeed, 'rise to the challenge'.

If we are to continue to have a successful manufacturing sector in the UK, we must invest in our people and our processes.

But we need Government to provide a cost-effective, legislative and infrastructure environment, so that we can compete on the world stage.

Finally, I would like to thank all of you, both Members and Guests, for your support of the Aluminium Federation and our industry.

Thank you and enjoy your evening.