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Alcan under fire for project in India

By Allan Swift

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MONTREAL - **Alcan** Inc. announced yesterday a new chief executive of its bauxite and alumina division, a business under fire from social activists for a major bauxite mine proposed for India.

Jacynthe Cote, 47, was introduced to shareholders at the annual meeting, where activists threw questions and accusations at CEO Travis Engen, both for the India project and over **Alcan's** intentions at Kitimat, B.C.

Spokeswoman Anna Malla accused **Alcan** and Engen of colluding with local forces, of oppressing local Indian peoples who they say are against the bauxite mining project in the province of Orissa.

"You have not secured the people's consent," Malla charged, saying the issue is hurting **Alcan's** worldwide reputation.

Alcan would own 45 per cent of the joint mining venture, with an Indian industrial group holding 55 per cent.

Engen admitted that the project "is very troubled," which included a protest in 2000 in which people were killed.

Pre-development work has been going on for about 12 years on the project, Engen said, involving local people and authorities. He said it is under environmental review and requires proof that there is local support.

"We'll only proceed when we have answers to all these fundamental questions," Engen said later to reporters.

A delegation from Kitimat, B.C., including Mayor Rick Wosney, repeated their demands that **Alcan** invest in its old smelter at that town, and accused the company of selling energy from its dam there to the United States.

"**Alcan** is making huge profits selling off Canadian resources," Wosney said.

Engen said the Kitimat refinery is operating at 92 per cent of its capacity, while **Alcan** has a contractual obligation to sell surplus power to BC Hydro.

A union delegation from the Sagueney region in Quebec also demanded more investments in that region, where **Alcan** has most of its Canadian smelting capacity.

Engen replied that the company has 22 smelters in the world, many requiring expansions and modernizations. "Every local management team thinks theirs is the best on the planet," Engen quipped.

He noted that of the nine smelters in Europe, three are facing energy supply issues as growing residential demand is starting to compete for power available for industries.

Cote, also named senior vice-president of **Alcan**, succeeds Michael Hanley, 39, who has taken on the role as chief financial officer on an interim basis and remains executive vice-president.

Cote, a chemist, joined **Alcan** in 1988, and has held a number of management positions in Quebec and England.

The bauxite and alumina group has 5,000 employees and sales of about \$1.5 billion. It operates eight bauxite mines and 14 alumina plants in 10 countries, with a concentration in Australia.

Alumina, the basis for aluminum, is extracted from bauxite ore.

Cote will also oversee a \$1.3-billion expansion for its Gove alumina refinery in Australia announced last fall.

The group is also proposing a large alumina refinery in the Republic of Guinea, as well as the controversial joint venture bauxite mine in India.

Engen said **Alcan** is well ahead of its plan to capture synergies from the acquisition of Pechiney in late 2003. He said **Alcan** remains on track to reach the full run rate target of \$360 million a year by the end of 2005.

He said growth in worldwide demand for primary aluminum is expected to moderate this year from 2004 levels, but demand is expected to exceed supply.

World demand is expected to grow by four per cent in 2005, compared with 9.6 per cent in 2004.

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PHOTO

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