PRESS RELEASE

FACE Federation of Aluminium Consumers in Europe.
Brussels, Belgium, April 11, 2008.

FACE relaunches the battle against the duty.

The Federation of Aluminium Consumers in Europe urges the EU Commission and Member States to eliminate all tariffs on imports of alloyed and not alloyed primary aluminium in 2008.

Since the Council Regulation suspending in October 2006 the autonomous common customs tariff duty for not-alloyed aluminium (current rate 3%), the situation of the EU downstream aluminium industry continues to worsen.

As stressed by Mr Mario Conserva, Secretary-General of FACE:

“ The existence of a 6% duty on alloyed primary aluminium and the artificial differential installed by the 3% partial suspension on not-alloyed primary aluminium amplify the market distortions and the competitive disadvantages from which EU independent aluminium transformers alone suffer.”

This situation puts at risk the only segment of the EU aluminium industry that could create jobs. It requires the remedy of a total suspension on all headings for primary aluminium, taking into account the new structure of the EU aluminium industry, it’s foreseeable evolution, the negative effects of the duties still applying on diverse forms of primary aluminium and the threat to the very survival of essential segments of this industry in Europe.

The Rio Tinto/Alcan merger has initiated a new wave of restructurations in the aluminium industry.

“ The aluminium industry is realigning upstream. We see a new scenario based on the interests of mining giants integrating the mining of bauxite, it’s refining into alumina and the smelting of aluminium. As a consequence, the traditional integrated groups are disinvesting from their downstream businesses,” adds the President of FACE, Mr. Malcom Mc Hale.

To sustain it's case, FACE has prepared a detailed statement and a set of economic arguments called **"Urgent need for the total suspension (0%) of the EU tariffs on alloyed and not-alloyed primary aluminium"** (the statement can be found on the internet site of FACE: www.facealuminium.com).

A few years ago, EU independent aluminium transformers represented around 50% of the workforce of the EU aluminium industry. Today they form around 95% of the EU aluminium industry workforce.

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FACE also denounces the general artificial inclusion of an equivalent to the value of the duties in the sales price for aluminium in the EU, irrespectively of its origin (duty-free/dutiable), which costs around 500 million euros more annually to EU aluminium transformers and consumers. This amount is cashed as a " hidden subsidy " essentially by the integrated producers and by smelters based in non-EU countries enjoying duty-free status for primary aluminium.

The EU independent aluminium transformers are therefore in a critical situation, aggravated by the massive EU deficit of primary aluminium, their main raw material.

At the request of FACE a comprehensive statistical study has been commissioned to a renowned metals economist, Mr James King. This unique source of information presents a striking panorama of the unbalances of primary aluminium flows affecting the supply of the EU market.

It shows that the structural shortage of primary aluminium in the European Union is a major issue and a growing challenge for European producers of semi-fabricated products and alloys.

This situation is set to worsen as signs of global western world shortages are mounting, aggravated by the rise of demand in China, India and other emerging markets. China, in particular, may turn into a massive importer this year, changing the primary aluminium flows dramatically. This along with other global developments will make Europe face a real shortage of primary aluminium and more price speculations, beyond what is bearable for SME's.

Despite the economic slowdown, the consumption of primary aluminium in the EU is expected to increase to 7,4 million tons in 2008 and will increase up to 8 million tons by 2012 with an average annual growth of 4%, while the European production of primary aluminium is expected to decrease gradually from 3,1 million tons in 2007 down to 2,86 million tons by 2012. European producers will have to rely heavily on imports of primary aluminium which are not guaranteed to go to European consumers.

The net imports of the EU are forecasted to rise to about 5 million tons by 2010 and close to 7 million tons by 2020. After 2015 net imports will be at or above 70% of the European consumption.

It is evident that maintaining import duties for primary aluminium in Europe is an economic absurdity and a huge political mistake – as it can only contribute to job losses by harming thousands of EU SME's. More than 150.000 jobs in Europe are put at risk by the maintaining of import duties on primary aluminium.

To add to the damages, the gap between dutiable imports and duty-free imports in the EU will increase significantly in the future. In 2006 the gap between the quantities potentially available from duty-free origins and the import requirements of the European Union was 1,6 million tons. Even with the expansion of smelter capacity in currently duty-free origins, the gap is forecast to increase sharply by 2015 and to be close to 3 million tons in 2025.

The study presented by FACE can be also consulted in full in the internet site of the Federation (Title **"Primary aluminium flows "**).

Commenting on this study, FACE Secretary General, Mr Mario Conserva said:

" The elimination of the 6% tariff on primary aluminium alloys will boost the competitiveness of EU independent transformers both in domestic and international markets; reduce the premiums and therefore the cost of primary aluminium; optimize the supply chain for the whole of the EU industry; stimulate the consumption of environment friendly aluminium in Europe and generate thousands of new jobs while contributing to achieve a fair level playing field in the industry".

For the above-mentioned reasons, FACE is relaunching a campaign for the total (0%) suspension of tariffs on all forms of primary aluminium.

The Federation of Aluminium Consumers in Europe will contact all relevant authorities in the EU Commission and in the EU Member States to discuss the situation and seek their support by appealing to their sense of economic, environmental and social responsibility.

As summarized by Mr Roger Bertozzi, responsible in charge of for EU and WTO Affairs at FACE, EU leaders must recognize now that:

" the new structure of the EU aluminium industry and the magnitude of the adverse consequences of the current EU tariffs impose the urgent total suspension (0%) of the 6% duty on alloyed aluminium and of the 3% duty on not-alloyed primary aluminium."

FACE (Federation of Aluminium Consumers in Europe) has been established in 1999. It comprises as members leading independent transformers and two producers. It is the only organization representing specifically the interests of the EU independent aluminium transformers. The membership base of FACE represents: more than 5 million tons of primary aluminium production; 1,3 million tons of global use of aluminium in all forms; 1 million tons of output of semi-fabricated products and 800 000 tons of consumption of primary aluminium.

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