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## Alcan sinks its roots deeper into Saguenay's 'Aluminum Valley'

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From the air, Alcan Inc.'s sprawling operations can be seen in every direction in an area the company has trademarked as "Aluminum Valley."

A five-minute helicopter ride from the Bagotville/Saguenay Airport, about 300 miles northeast of Montreal, brings you to the Grande-Anse port on the Saguenay River, where 140 ships a year unload 5 million tonnes of raw material, primarily bauxite, from Australia and Brazil onto the company's rail lines linking all six area facilities.

"This area has the largest concentration of aluminum plants in the world," said Julien Gendron, director of regional industrial development for the Alcan Primary Metal Group. "Everything is within a 40-kilometer (25-mile) by 20-kilometer (12½-mile) range."

A half-hour chopper tour covered all Alcan's facilities. The only plant left off the agenda was Alcan's 405,000-tonne Alma smelter to the northwest.

Alcan also operates six of its own power generating stations, providing about 90 percent of its energy requirements, and Gendron noted that the total size of the water reservoirs to power the generators cover an area the size of the province of New Brunswick, or roughly 28,000 square miles.

The helicopter tour was part of the December announcement of Alcan's planned \$1.8-billion investment to add 450,000 tonnes of smelting capacity using its propriety AP50 technology, acquired when Alcan purchased Paris-based Pechiney SA in 2004. The latest Aluminium Pechiney smelter technology is the successor to AP35 technology.

The 60,000-tonne pilot project will be built at the company's Arvida plant, which closed in 2004 because of high costs. The project is on schedule, with demolition of the building housing the old pot lines currently under way, construction of the pilot plant slated to begin next year and the first metal expected to be poured in 2010.

Alcan's financial commitment has been greeted warmly in a province where another major industry, forestry, has been shedding jobs at a rapid pace. In addition to adding 740 skilled smelter jobs, the \$1.8-billion investment also will provide 1,200 to 1,500 construction jobs, according to the company.

"This region is going to be a locomotive of development in Quebec," Quebec Premier Jean Charest said during a speech announcing that his government is kicking in more than \$500 million in incentives and tax breaks. "One can't imagine the future here without aluminum."

And although Canada's global share of aluminum production declined to 9 percent in 2005 from 11 percent in 1995, Quebec has a "unique opportunity" to maintain its share because of competitive hydroelectric rates and a technology base in Saguenay, the key to Alcan's \$1.8-billion investment, according to Richard B. Evans, chief executive officer. He said Alcan's 10-year program will provide a stable economic base for the Saguenay region for years to come.

The company began operations in the region in 1926, when Aluminum Co. of America-Alcan's parent at the time-dispatched a team from its Massena, N.Y., plant to start building the Arvida smelter, the world's biggest by 1946. Alcan split from Alcoa and became fully independent in the 1950s.

About 6,500 of Alcan's 8,000 workers in Quebec are in the Saguenay region. In fact, one in 10 jobs in Saguenay is with Alcan, and the latest project, which is expected to keep labor peace until 2015, will allow the union to keep 3,800 permanent jobs at the company over the next 10 years.

About 75 percent of Alcan's Canadian smelting capacity is located in the Saguenay region. "Alcan is a big fish in a little pond. The economic impact on the region is about \$1 billion annually," Gendron said, including \$590 million in salaries, \$322 million for the purchase of goods and services, \$42 million in municipal and school taxes and \$49 million in hydroelectric royalties Alcan pays to Hydro-Quebec, a provincial government corporation.

In addition, the company's Arvida Research and Development Center (ARDC) has been around since 1946, looking for ways to improve the production of primary metals, bauxite and alumina. ARDC has spawned similar R&D centers at Alcan operations in Australia, France, Switzerland and the United States.

Another important component of the company's operations in the region is its Alcan Primary Metals Group regional industrial development office, which opened in 2003 with the goal of attracting new businesses to the area., although the development office also coordinates similar programs for other Alcan locations around the world. So far, it has created 800 jobs in the region, including 444 in the aluminum transformation sector, 301 in the secondary sector and 71 in the services sector.

As an example, last June it signed an agreement with Ceradyne Canada to supply boron carbide metal-matrix composite from Alcan's Dubuc Works used to package spent nuclear waste material. The agreement also includes the exploration of other markets for metal-matrix composites produced at Dubuc, which focuses on the production of high value-added aluminum products.

Gendron noted that parent Ceradyne Inc., Costa Mesa, Calif., is one of the fastest-growing companies on the New York Stock Exchange.

More recently, PCP Canada Inc. in December began producing under license from Alcan precision cast plate products previously manufactured at Alcan's Engineered Products facility in Vernon, Calif., moving production closer to PCP customers in the Midwest.

The biggest job producer to date with 150 employees is the Canmec Industrial Inc. plant in Chicoutimi, which casts and assembles bus bars for the aluminum industry worldwide.

"We've worked on 200 different projects in the last three years and have created more than 800 jobs in Saguenay as a result," Gendron said. "And we expect to keep on creating more jobs for the region due to the efforts of the regional development office."

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