Work is continuing to extend the Malaysian bauxite reserves, while at the same time an important program of re-establishing mined out bauxite areas for agriculture and fish farming is underway.

The Aluminum Company of Malaysia Berhad, started by Alcan alone in the 1960s but now only 40 per cent owned by Alcan, is engaged in the fabrication of aluminum in Malaysia and produced 7,500 tonnes of sheet and extrusions, mostly for the building and construction markets, in 1981.

New Malaysian Sheet Plant

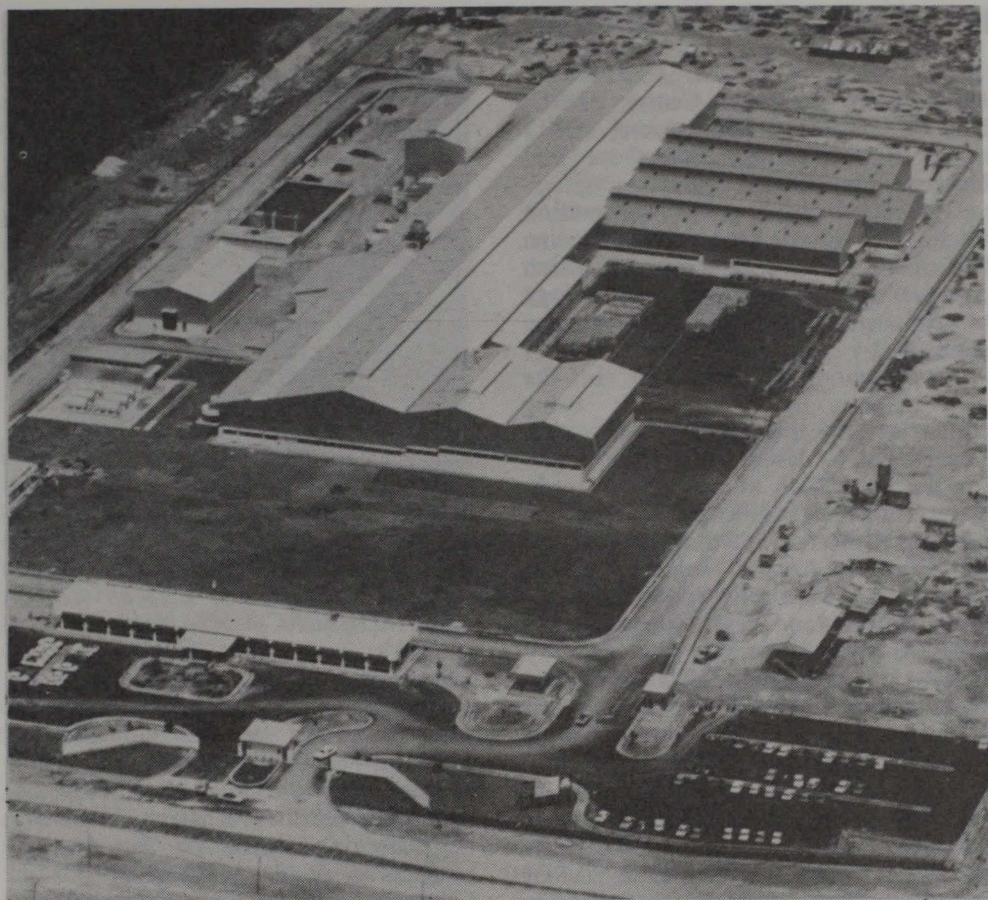
As a result of increasing demand for these and other products, a $61.5-million investment is nearing completion in Malaysia for a sheet and foil plant that will quadruple the capacity of aluminum sheet to 24,000 tonnes a year and also provide up to 6,000 tonnes annually of foil.

This project provides a dramatic illustration of the international character of Alcan operations and the benefits to be derived from having operations in more than 30 countries around the world. Technology for the new sheet and foil mill is being drawn from Alcan operations in Canada and Spain, while engineering and technical expertise is being provided by personnel from Alcan's affiliated company in India. Malaysia and other ASEAN countries to be served by the new mill will be receiving the full benefits of Alcan's wide geographical spread of manufacturing investment and market position and its considerable experience in transferring technology from one part of the world to another.

Indonesian and Thai Operations

In Indonesia, Alcan, together with Japanese interests and local cable manufacturers, is developing an aluminum rod mill, the first of its kind in Indonesia. The 18,000-tonne-a-year facility will complement Alcan's existing 7,000-tonne-a-year extrusion and corrugated sheet plant in Indonesia, operated by P.T. Alcan Indonesia, which owns 70 per cent of the plant. Alcan's additional interest in Indonesia is an indirect participation through an affiliated company in Japan in the massive Asahan aluminum smelter project which recently began production.

In Thailand, Alcan's operations consists of extrusion and anodizing facilities, with a capacity of 7,500 tonnes a year, operated by a wholly-owned subsidiary, Alcan Thai Company Limited, founded in 1971. In addition to its fabricating operations, Alcan Thai also supplies aluminum ingot to local manufacturers.



ALCOM, the Malaysian associated company of Canada's Alcan Aluminum Limited, recently commissioned the first of two twin-roll continuous casters for this new sheet and foil plant at the Bukit Raja Industrial Estate near Kelang, Selangor.

Alcan's operations in ASEAN countries presently employ more than 2,000 people and generate consolidated revenues in excess of $93.5 million annually. Alcan ships to ASEAN countries more than 30,000 tonnes a year of primary aluminum ingot from the Alcan smelter system in Canada, principally from British Columbia. As major projects in Malaysia and Indonesia come on stream, employment levels will increase significantly, as will the consumption of primary aluminum, providing an increasing export market for Canadian goods and services.

Changes in Consumption Growth

President and Chief Executive Officer of Alcan David M. Culver, recently stated in a speech in Montreal that the pattern of consumption growth of aluminum is undergoing a major change. The industrialized countries are showing–and are expected to continue to show–slower industrial growth than in the 1950s and 1960s. On the other hand, gross national production growth rates in developing countries–particularly Latin America, and the Pacific Basin–are expected to be substantially higher than those in developed countries.

According to Mr. Culver, aluminum consumption will show a similar distribution of growth–perhaps only two per cent to three per cent per annum average in developed countries and six per cent to eight per cent per annum in developing countries. He noted that aluminum features largely in the early stages of industrialization of a country, in electrification and in construction. Although these high growth areas still have relatively low per capita consumption figures, and account for about 20 per cent of world consumption, their contribution to the medium- and long-term overall industry growth will be significant.

Two-way trade between Canada and ASEAN countries has more than tripled in the last six years and has now reached in excess of $1 billion annually. Aluminum and its products are an integral part of that trade, which has grown three times faster than Canada's trade with the rest of the world. Alcan's own shipments to Malaysia, Indonesia and Thailand represent 14.5 per cent of the value of total Canadian exports to those three countries.

Alcan's long-standing investment and commitment to ASEAN countries has provided the company with a unique position from which to participate in the exciting growth prospects for aluminum in this rapidly developing region.