

## Alcoa To Cut 500 Canadian Jobs

The Associated Press

NEW YORK (AP) — Aluminum smelter and parts-maker Alcoa said on Thursday that it will close down two production lines at a plant in Canada and cut about 500 jobs there because of lower aluminum prices.

A major portion of a planned upgrade for the facility in Quebec is being pushed back by three years, to 2019, the company said.

Alcoa has seen strong demand for aluminum, but prices have fallen. Those lower prices were a factor when Alcoa reported lower-than-expected first-quarter revenue last month.

On May 1 it said it might cut capacity by 11 percent, or 460,000 tons, in addition to the 13 percent of its capacity it had already idled. The Soderberg production lines Alcoa is shutting down account for 105,000 tons of capacity. The so-called potlines are where electrical current is applied to alumina to make aluminum.

The Baie-Comeau plant was built in 1957 and acquired by Alcoa in 2000. Of the two Soderberg lines, Alcoa had planned to shut one down by the end of this year and the other in 2015. Now they'll both be shut down by August.

Alcoa said the lines are among its most expensive production lines to run. It said the job reductions will come through retirements and attrition. The plant employs about 1,400 people now.

Alcoa has been planning to build a new line at the facility by 2016, but that has been pushed back to 2019. It still plans to spend about \$100 million on the plant over the next three years to begin preparation for the upgrade, including \$30 million for its casting facility because of strong demand for auto parts. Alcoa has been shifting away from its old focus on aluminum mining and smelting and towards making aluminum parts itself, because those carry a higher profit margin and prices are less volatile.

Other parts of the upgrade are moving forward, including improvements to the port near the plant.

Alcoa Inc. shares rose 2 cents to \$8.52 in afternoon trading.

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