Dear Convener

SALE OF RIO TINTO’S LOCHABER BUSINESS AND SCOTTISH GOVERNMENT SUPPORT

Yesterday Rio Tinto announced to its workforce and the stock exchange it would sell its 100% shareholding in Alcan Aluminium UK to the GFG Alliance (Liberty House and SIMEC).

This marks the culmination of the strategic review that Rio Tinto announced in January 2016. The last ten months have been an anxious wait for the workforce and for all those whose livelihoods depend on the business which comprises the aluminium smelter at Fort William, two hydroelectric facilities (at Fort William and Kinlochleven) and the estate lands which extend to some 115,000 acres.

The sale to the GFG Alliance is positive news for the local community and especially for the workers at the Fort William smelter. Subject to final agreement, which is expected next month, this deal safeguards over 150 jobs and has the potential to create hundreds more.

In order to enhance the long-term operations of the Lochaber complex and to avoid the negative economic and social impacts of closure, the Scottish Government is supporting the GFG Alliance with a guarantee of the smelter’s power purchases over the next 25 years. This is to underpin long-term certainty for the smelter around its costs of energy and provides a stable platform for future viability and expansion on site.

In accordance with normal practice, Scottish Ministers sought the approval of the Finance and Constitution Committee for the guarantee; that approval was granted yesterday.

The GFG Alliance appreciates the Government’s clear commitment to increasing the amount of land across Scotland that is held in community ownership, and we have secured from them an undertaking to engage with the community about a community land transaction.
I am sure you will agree that this Government intervention was vital to maintain a key industry within a rural community and realise our industrial and commercial ambitions. It also demonstrates our commitment to extending community land ownership.

Fergus Ewing

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