

Hon. James Robertson M.P.
Minister of Energy and Mining
Statement to Parliament
February 15, 2011

Overview

Mr. Speaker I am pleased to announce the planned restart of operations of UC Rusal's Winalco-Kirkvine Works Plant in Manchester beginning July 1 this year. This follows the restart of operations at WINDALCO's Ewarton plant in St. Catherine last July bringing on board over a thousand jobs.

UC Rusal/Ministry Of Energy Partnership

Mr Speaker the very hard and focused work of the Ministry of Energy and Mining, the Jamaica Bauxite Institute and UC Rusal continue to pay off.

Winalco-Kirkvine Works Plant

Mr. Speaker you would recall that operations at the Winalco-Kirkvine Works Plant were temporarily suspended in April 2009 due to cost-cutting measures linked to the broader global economic crisis then. You would also recall the generally devastating effect of the global economic crisis on the Bauxite and alumina sector worldwide.

Mr. Speaker, during the period in which operations were suspended, RUSAL undertook measures to ensure that when market conditions became favourable and that the Kirkvine plant would come back online with increased efficiencies and competitiveness. This included the optimising of the facility's structure, production processes, reducing cash operating costs and making more efficient Plant operations.

1000 New Jobs

Mr. Speaker, the planned restart of the Kirkvine Works Plant will see a massive investment not yet quantified by the Jamaica Bauxite Institute (JBI) and Jamaica Bauxite Mining (JBM). A total of one thousand jobs many of them medium and high end will come on stream in the areas of engineering, mining, hauling, management and so on. The multiplier effect to the people of Manchester and surrounding parishes is even more significant.

Production Levels

Mr. Speaker, it is noteworthy to point out that the total capacity of Kirkvine is around 600 thousand tonnes of alumina per year whilst the production of the Kirkvine Works Plant for 2011 is planned to be approximately 252 thousand tonnes per year.

Subject to approval by international lenders

Mr. Speaker I must however sound words of caution. The planned restart of operations at Kirkvine is subject to approval by international lenders, further discussions by UC Rusal with its partners on the project and extensive Government of Jamaica support.

Areas that the Government of Jamaica must address

Mr. Speaker among the areas that the Government of Jamaica must address are:

1. Possible temporary lifting of the bauxite levy for WINDALCO.

Section 6 of the Bauxite (Production Levy) Act state clearly that, “The Minister may, upon the application of any person liable for payment of any production levy, if he is satisfied that it is just and equitable so to do, waive, remit or refund such levy in whole or in part and any such waiver, remission or refund may be subject to such conditions as

the Minister may see fit to impose: Provided that a notice of such waiver, remission or refund shall be published in the *Gazette*.

2. Resolving issues pertaining to the 18 million US dollars debt owed by Jamaica Bauxite Mining to WINDALCO as a result of old supply contracts
3. Rehabilitation of railroad tracks from Port Esquivel to Kirkvine
4. Resolving the sale of 7% of shares in WINDALCO owned by Jamaica Bauxite Mining along with old supply contracts with Glencore
5. Assistance in power projects for WINDALCO plants including lease of lands along railroad tracks for growing biofuel, R&D sharing, licenses, carbon credits and so on.
6. Collaboration with NEPA on Port Esquivel dredging environmental issues
7. Assistance in hiring local mining contractors for Kirkvine mines, and;
8. Cooperation in sending five Jamaican students annually to study at Russian Universities at RUSAL's expense

Conclusion

Mr. Speaker we are committed to ensuring that the best interests of Jamaica is advanced at all times and will continue to work untiringly towards the full resuscitation of the bauxite and alumina sector.

I thank you.