Alcoa Australia announces smelter closure, sacking 1,000 workers

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The world's third largest transnational aluminium producer, US-based Alcoa, yesterday announced it would close its Point Henry smelter, in Geelong, Victoria by August. Two rolling mills in Geelong and western Sydney will also be shut down before the end of the year, directly destroying a total of 980 jobs and triggering an estimated 3,000 layoffs in related industries.

Alcoa's announcement is part of an onslaught on the wages and conditions of workers in Australia. Amid a worsening global economic crisis, and the end of the mining investment boom that sustained economic growth in Australia immediately after the 2008 financial crash, every few days sees a new corporate announcement of another plant closure or mass sacking. The sweeping restructuring is being jointly coordinated by the major corporations, the trade unions and the Liberal-National government.

Alcoa executives in the US said a review, begun two years ago, found that the smelter and two mills had "no prospect of becoming financially viable." The Point Henry facility was established in 1963, and the company has for years refused to invest the necessary resources to upgrade operations, which were among the least efficient internationally. Half the aluminium production at the smelter was exported, and executives said the high Australian dollar was also responsible for declining revenues.

The federal government attempted to blame the former Labor government's carbon tax for the company's problems. Alcoa, however, denied this was a factor, and an *Australian Financial Review* analysis indicated that the company profited from the carbon tax, by about $46 million a year, via the lucrative corporate "compensation" and tax exemptions that Labor built into the carbon price mechanism. This was in addition to a direct Labor government subsidy of $40 million handed over to Alcoa in 2012.

The Point Henry closure underscores the ruthless global restructuring of the aluminium industry. Its shut down follows the closure of the Kurri Kurri smelter in New South Wales two years ago, and leaves Australia, previously one of the world's largest aluminium producers, with just four remaining smelters. Three of these four were withdrawn from sale last year, after Rio Tinto failed to find a buyer.

Global production is being shifted from advanced capitalist countries to the Middle East and Asia, mainly to capitalise on lower energy costs. The restructuring is being accelerated by an oversupply of aluminium on world markets, largely due to slowing Chinese demand. Aluminium prices have fallen from about $US3,200 a tonne in 2008 to about $1,800 a tonne.

All the major producers are shutting down their least profitable plants. Alcoa is building the world's lowest-cost smelter in Saudi Arabia, using electricity generated from the country's cheap oil reserves, while closing smelters in the US, Italy, Spain and now Australia. The company is also threatening to shut down its three facilities in Quebec, Canada, after hikes in electricity costs there.

Working-class communities around the world are being devastated by the rapacious drive to maximise corporate profits.

Announcing the Point Henry closure, Alcoa CEO Klaus Kleinfeld declared that he "recognised how deeply this decision impacts employees at the affected facilities" and was "committed to supporting them through this transition." These are nothing but crocodile tears from an individual who receives an annual salary and bonuses totalling more than $12 million. Many of the hundreds of smelter and mill employees in Geelong and western Sydney will never work again.

Geelong, 75 kilometres west of Melbourne, is one of the areas worst affected by the manufacturing crisis. The city's northern suburbs already have an official unemployment rate of 9.9 percent, with the real level of joblessness far higher. Geelong has been hit by the impending shut down of Ford, numerous car component closures, Qantas sackings at the nearby Avalon maintenance plant, and the closure of Target's retail headquarters. Hundreds more job losses are threatened at an oil refinery that Shell is seeking to sell, and at the Anglesea coal mine and power plant, which supplied electricity for the Point Henry smelter.

The irrational and destructive character of the profit system—based on the private ownership of crucial facilities such as power stations and aluminium smelters—is graphically revealed by the threat of power blackouts after the Point Henry shut down. The end of aluminium production in Geelong will sharply lower overall electricity demand across the state of Victoria, exacerbating an oversupply of energy and lowering power plant profits. Citing industry experts, the *Australian Financial Review* today predicted that the plants' corporate owners would respond by cutting back on maintenance spending, which "could lead to blackouts."

Ray Gibson, a rolling mill operator who has worked at Alcoa's Point Henry smelter for 28 years, told the *World Socialist Web Site*: "We're being thrown to the wolves. Geelong will end up a ghost town. It's inevitable that Shell will shut down—that's big money out of the economy gone. Workers will be reduced to poverty… If this was happening 20 years ago, the union would have been organising marches, [but] now nothing."

The unions are in fact working hand in hand with Alcoa and the federal and state governments to ensure that yet more "orderly closures" are delivered at Point Henry and the company's two rolling mills. The Australian Workers Union (AWU), which covers the aluminium smelter workforce, functions as a company union, with the bureaucracy's privileged position based on its enforcing every company demand for productivity speed ups and the suppression of real wages.

On the same day that the Point Henry closure was announced, the AWU and Rio Tinto unveiled a workplace deal at another smelter, Bell Bay in Tasmania. The agreement will see the previously non-union workforce covered by the AWU, in return for an effective wage freeze. AWU chief Paul Howes trumpeted the deal as an example of his recent demand for a "grand compact" between the unions, business, and government to cut labour costs (see: "Australian union leader backs government drive to lower wages"). The Bell Bay agreement, Howes boasted, proved that "the modern Australian union movement can be pragmatic and can be less dogmatic than maybe we have been in the past when it comes to doing the right thing by our economy."

The remarks underscore the fact that the working class cannot take a single step forward in defence of jobs, conditions and its basic rights and interests within the framework of the trade unions.