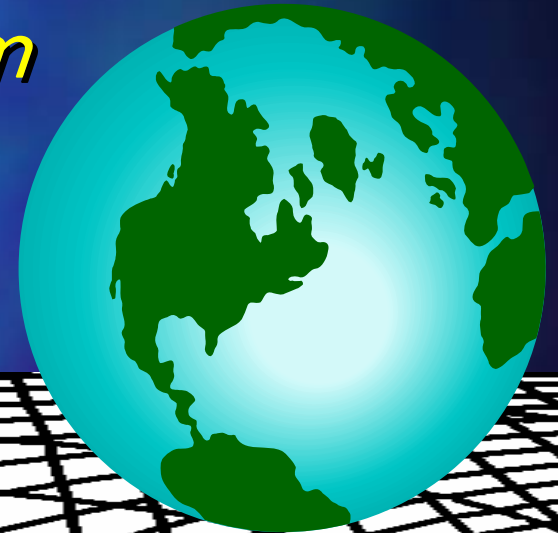


5th World Congress ALUMINIUM 2000

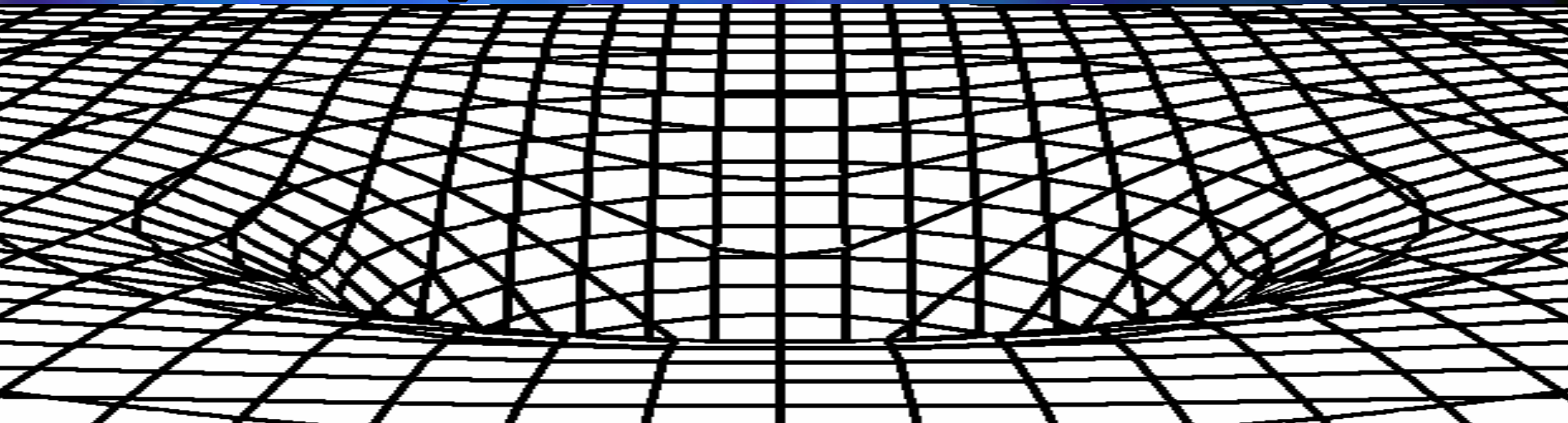
Rome, 18-22 March 2003

Globalisation and the Effects of the Opening of the East on the Western European Aluminium Semis Industry

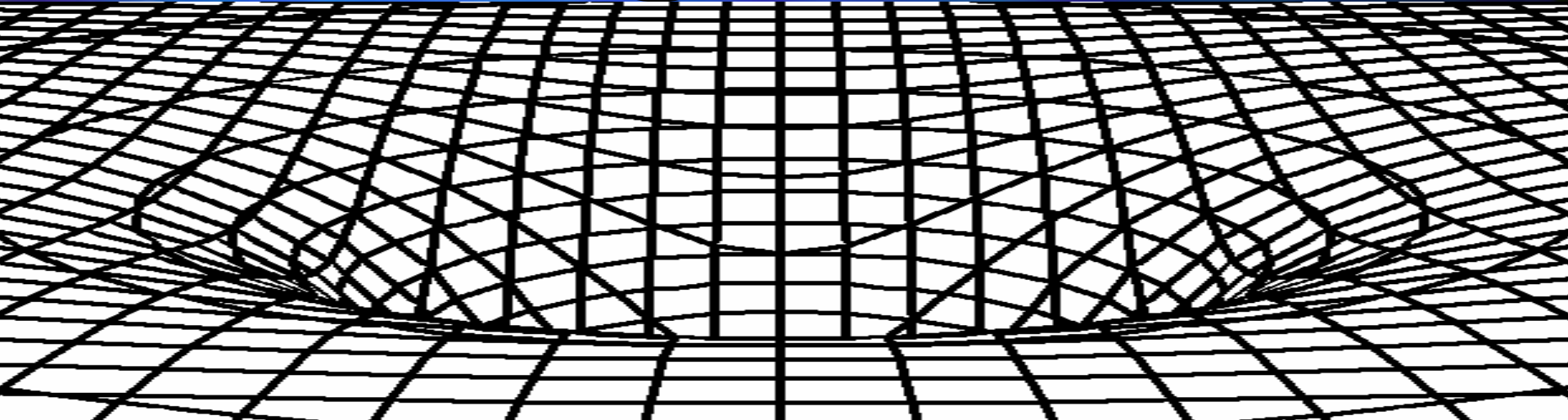
Bruno G. Rüttimann, Alcan Singen GmbH



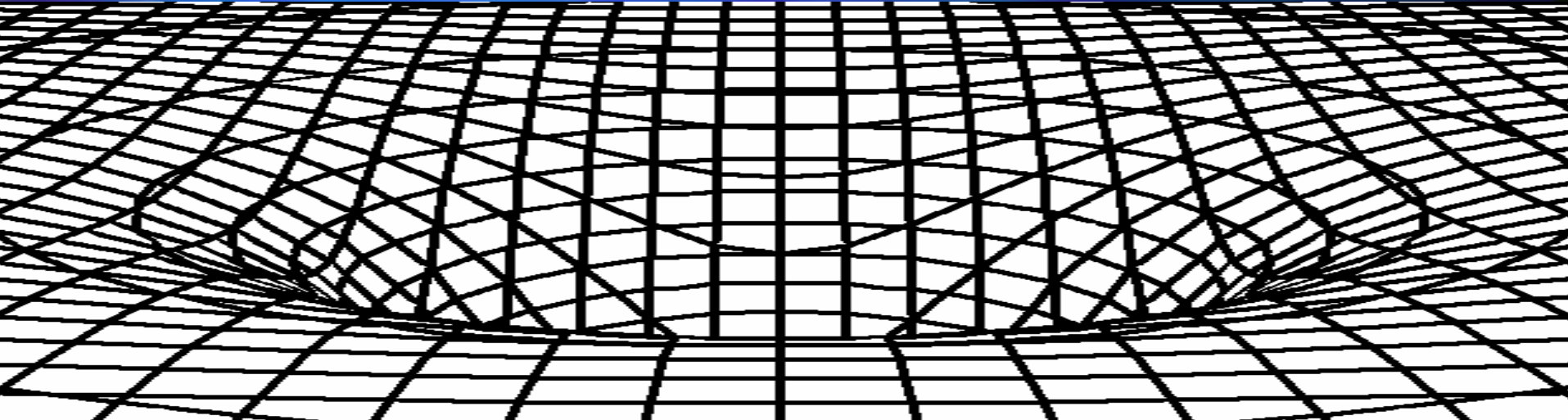
Mergers & Acquisitions



*Trade
Deregulation*

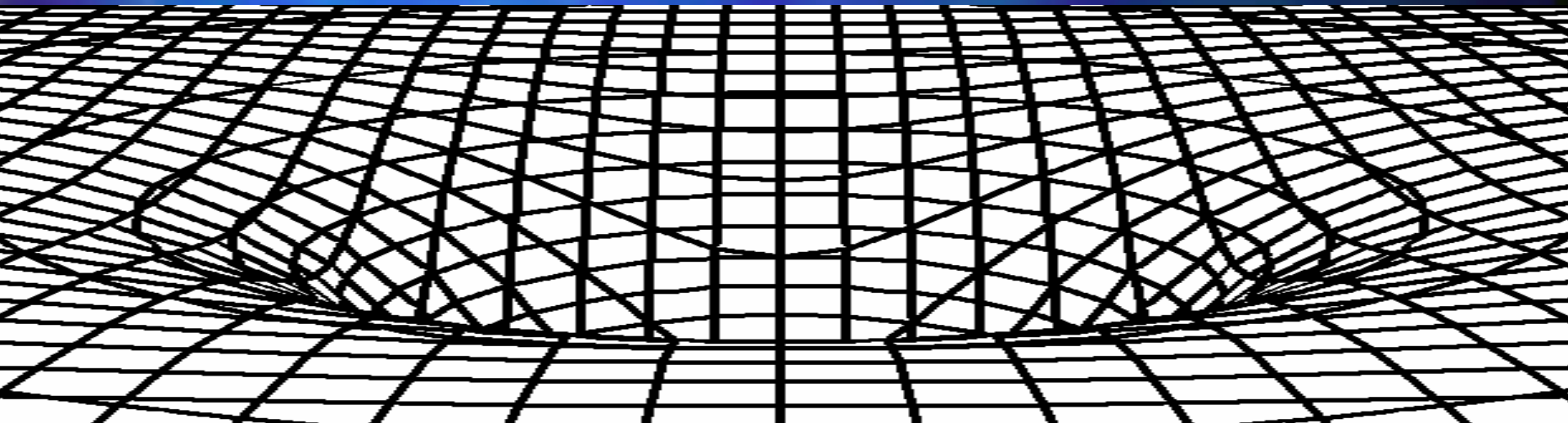


Increasing Competition

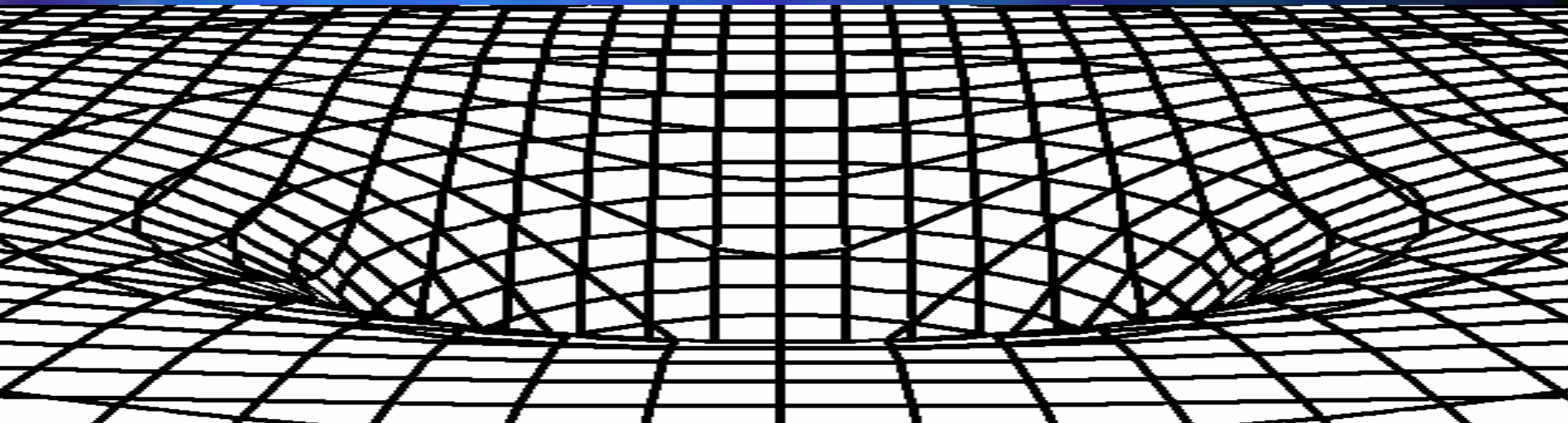


Price

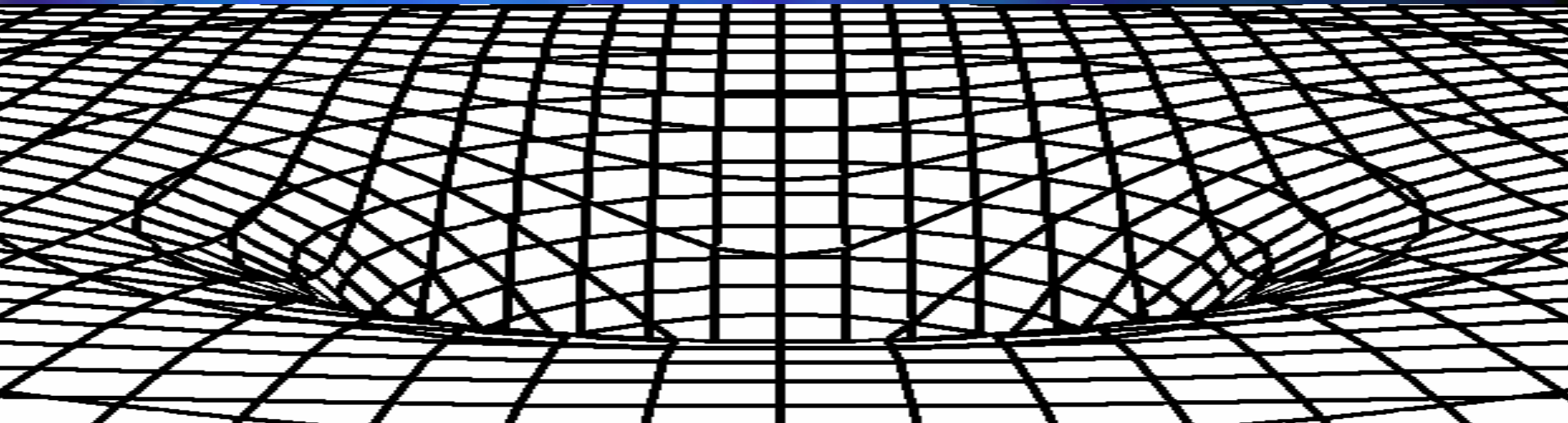
Pressure



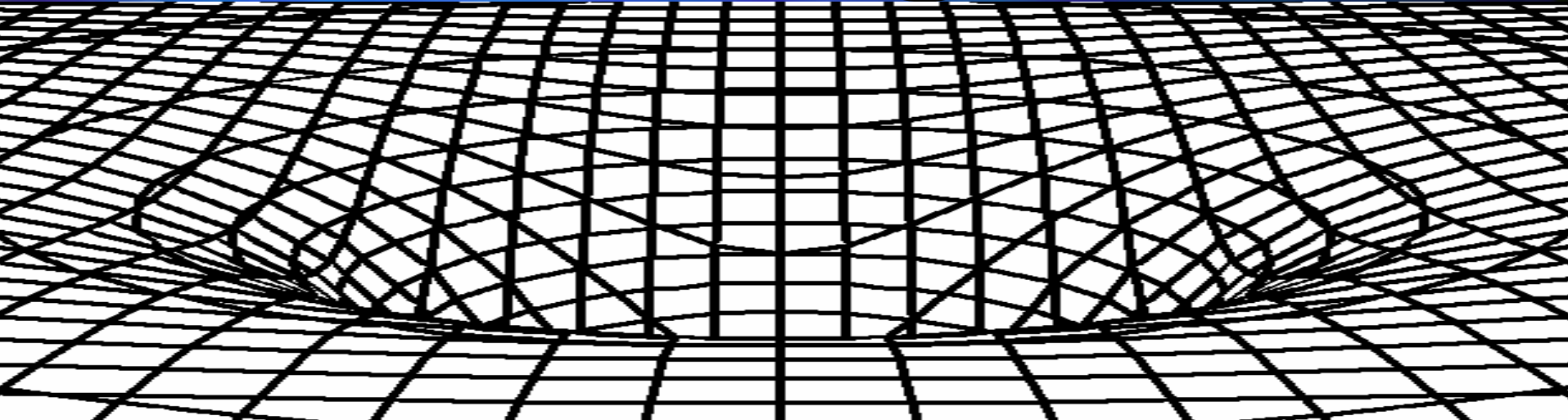
Flow of Information



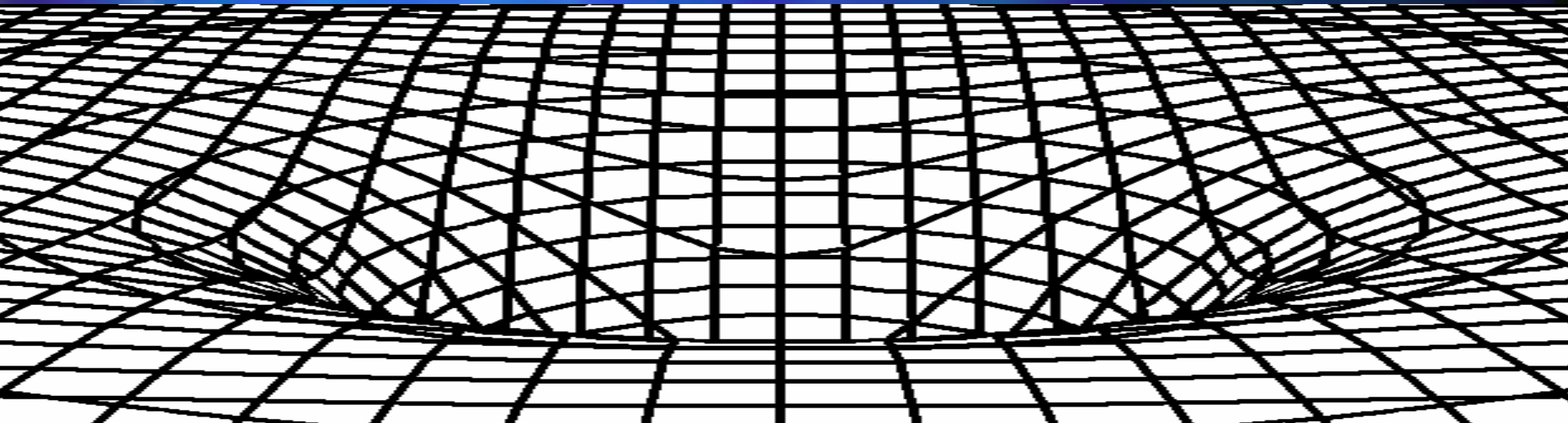
Interlinked Markets



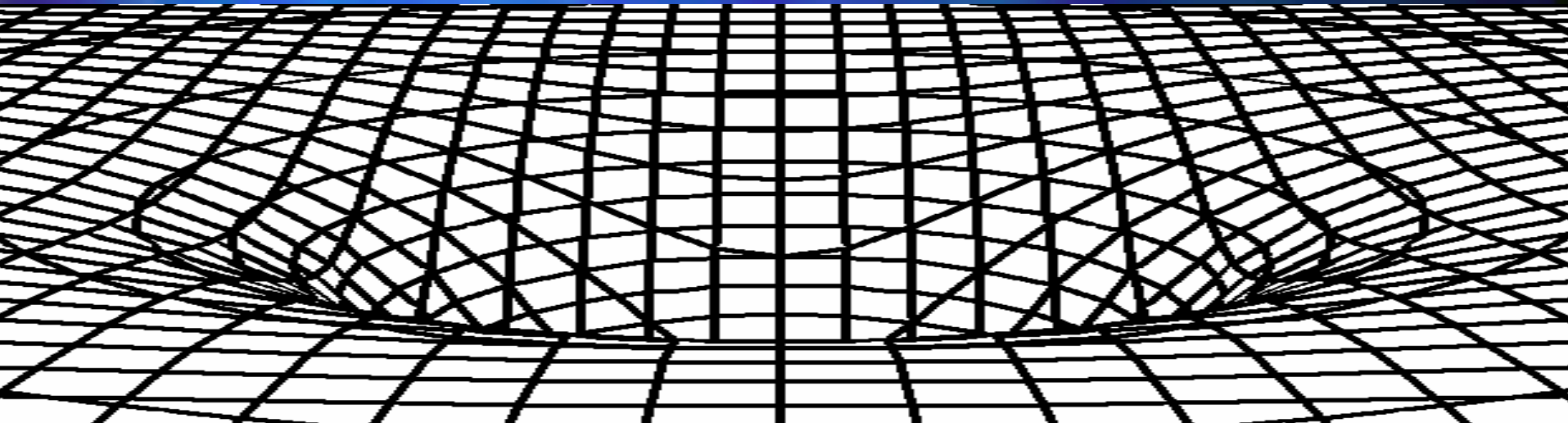
World-wide Strategies



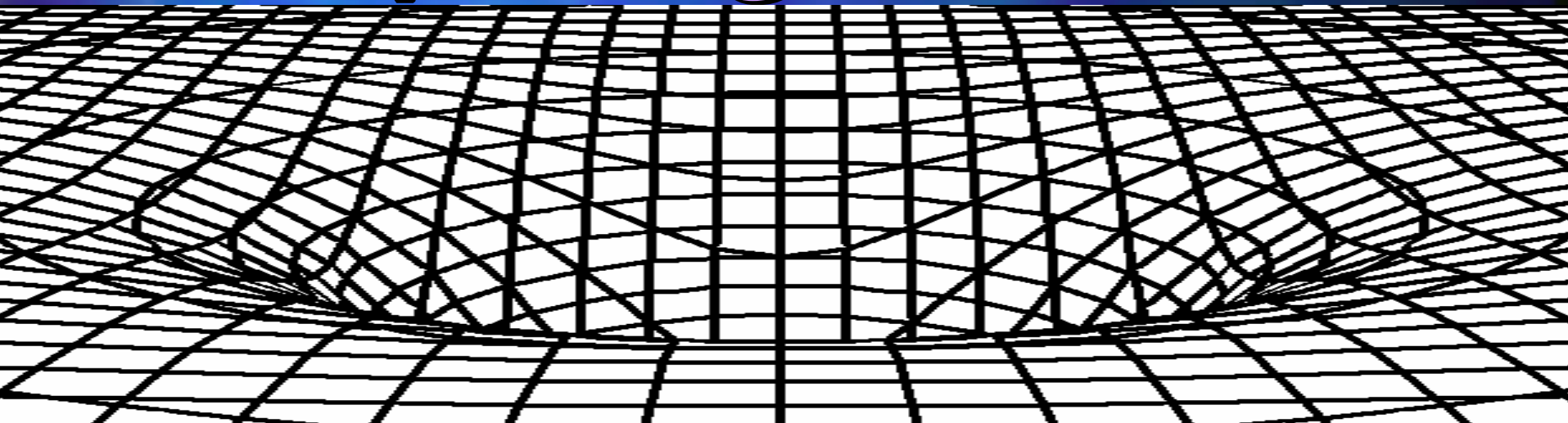
Reduced Growth Rates

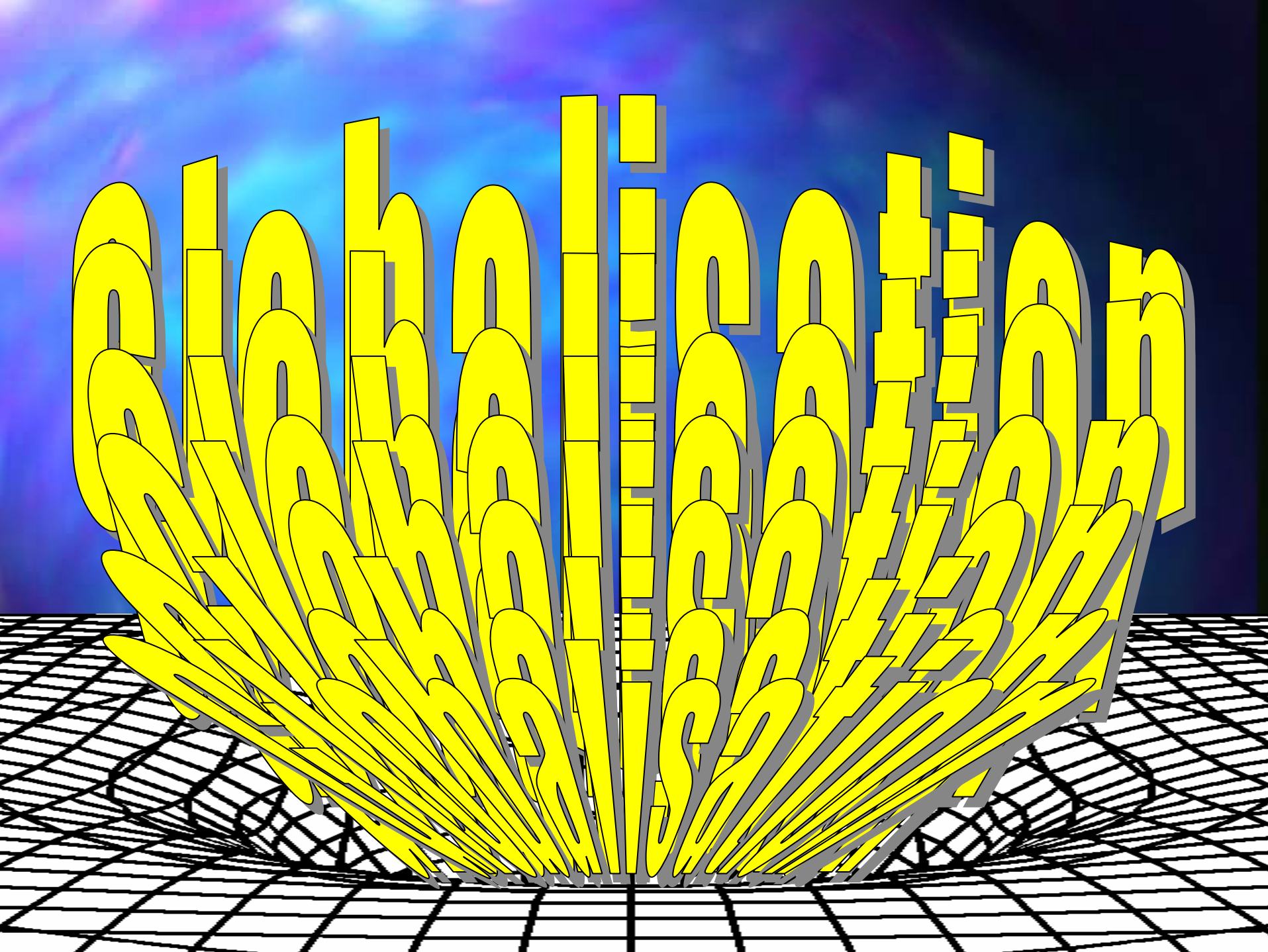


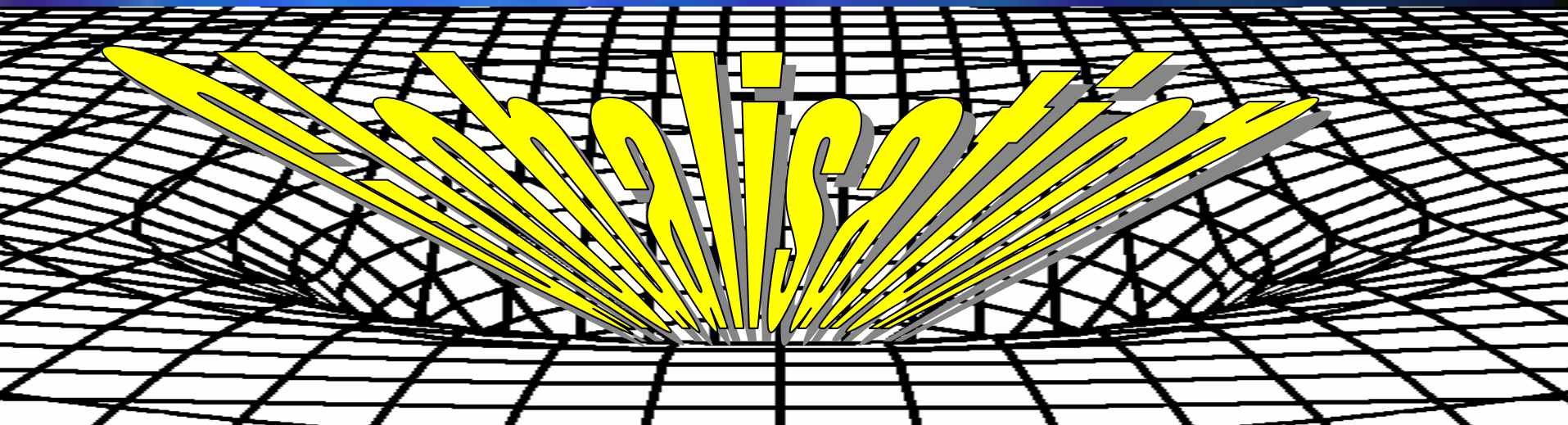
Overcapacity



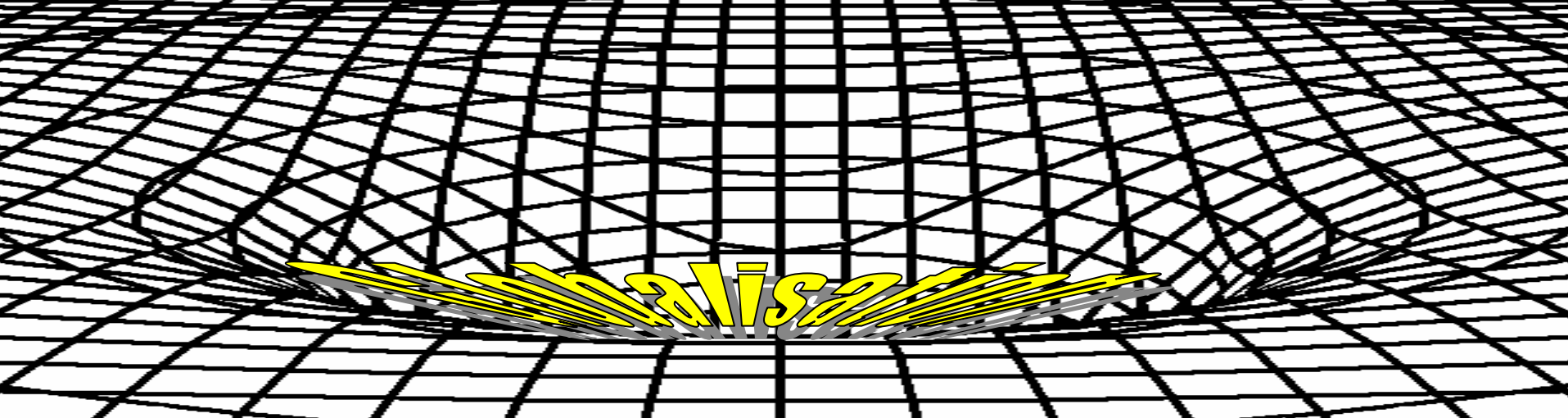
*Un-
employment*



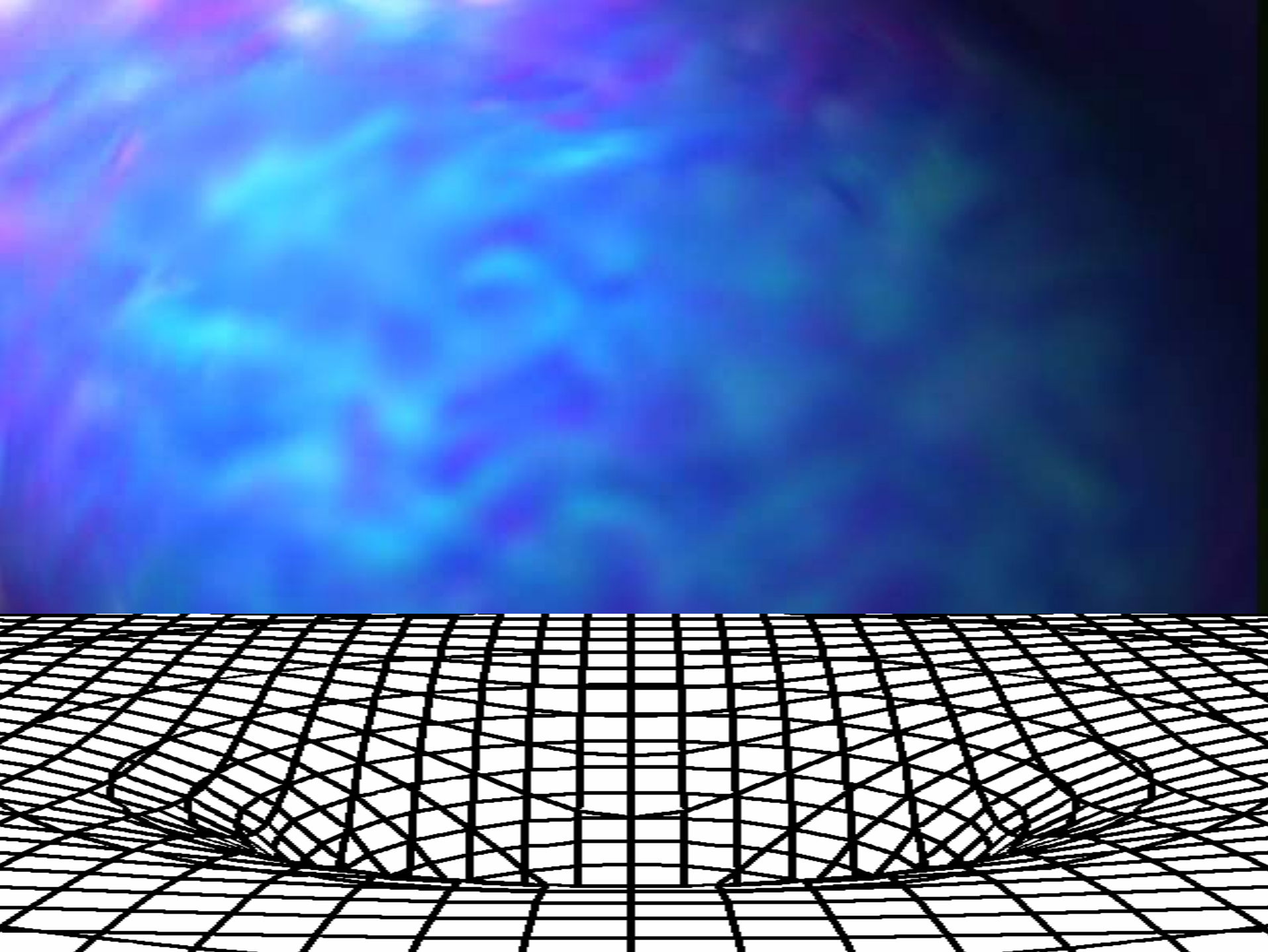




Realistic



Realis

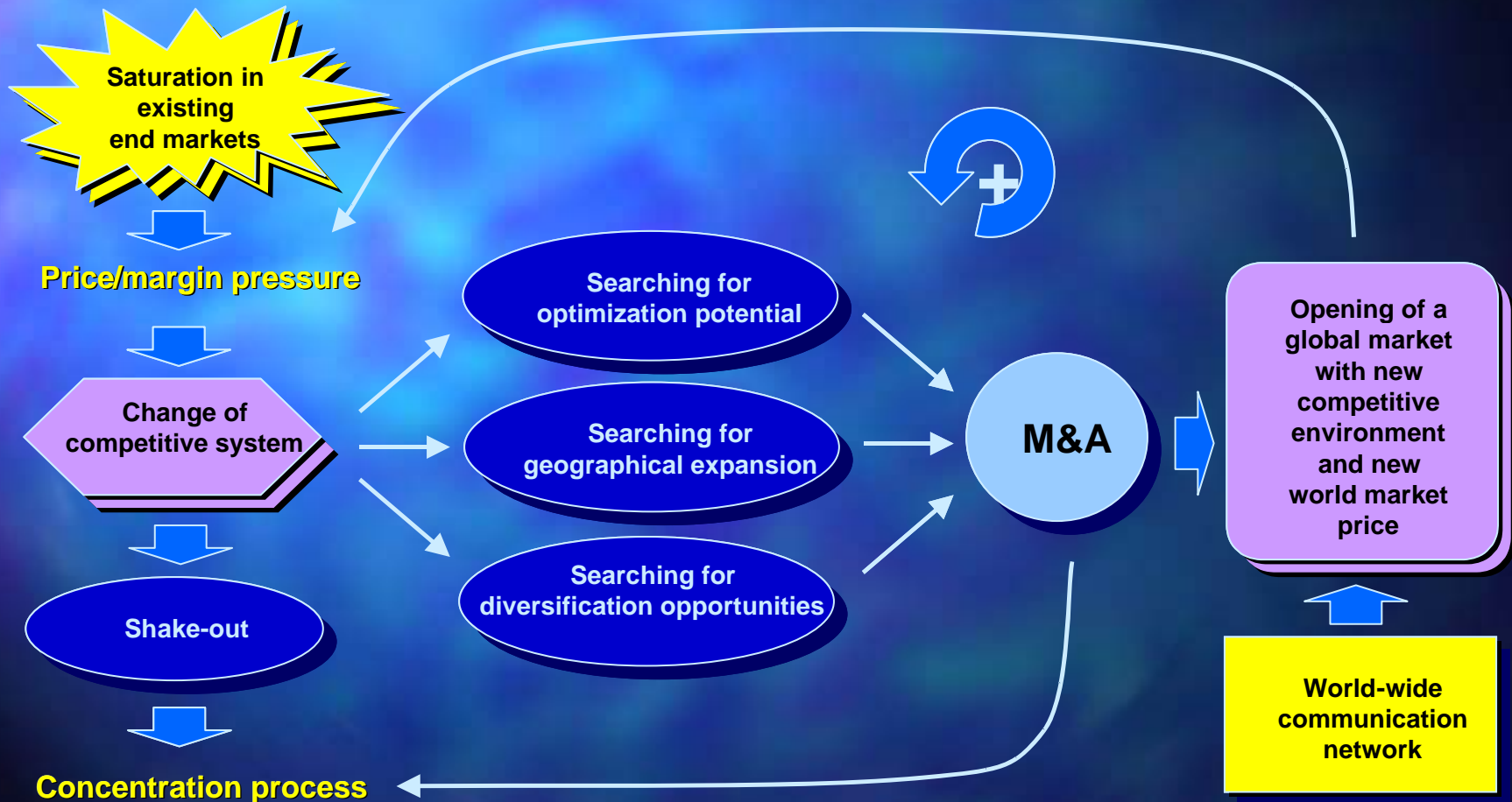


CONTENT

- *The Drivers for Globalisation*
- *The Globalising Competitive System*
- *The Opening of the East*
- *The Resulting Effects*
- *Changes in Demand Characteristics*
- *Possible Strategies*
- *The Ten Postulates of Globalisation*

The Drivers for Globalisation

Symptoms, causes, and effects



The Globalising Competitive System

The types of globalisation

- *Type 1 → Globalisation of business itself*
 - *products with world price*
 - *and world-wide sourcing*
 - *or need to follow globally active customers*

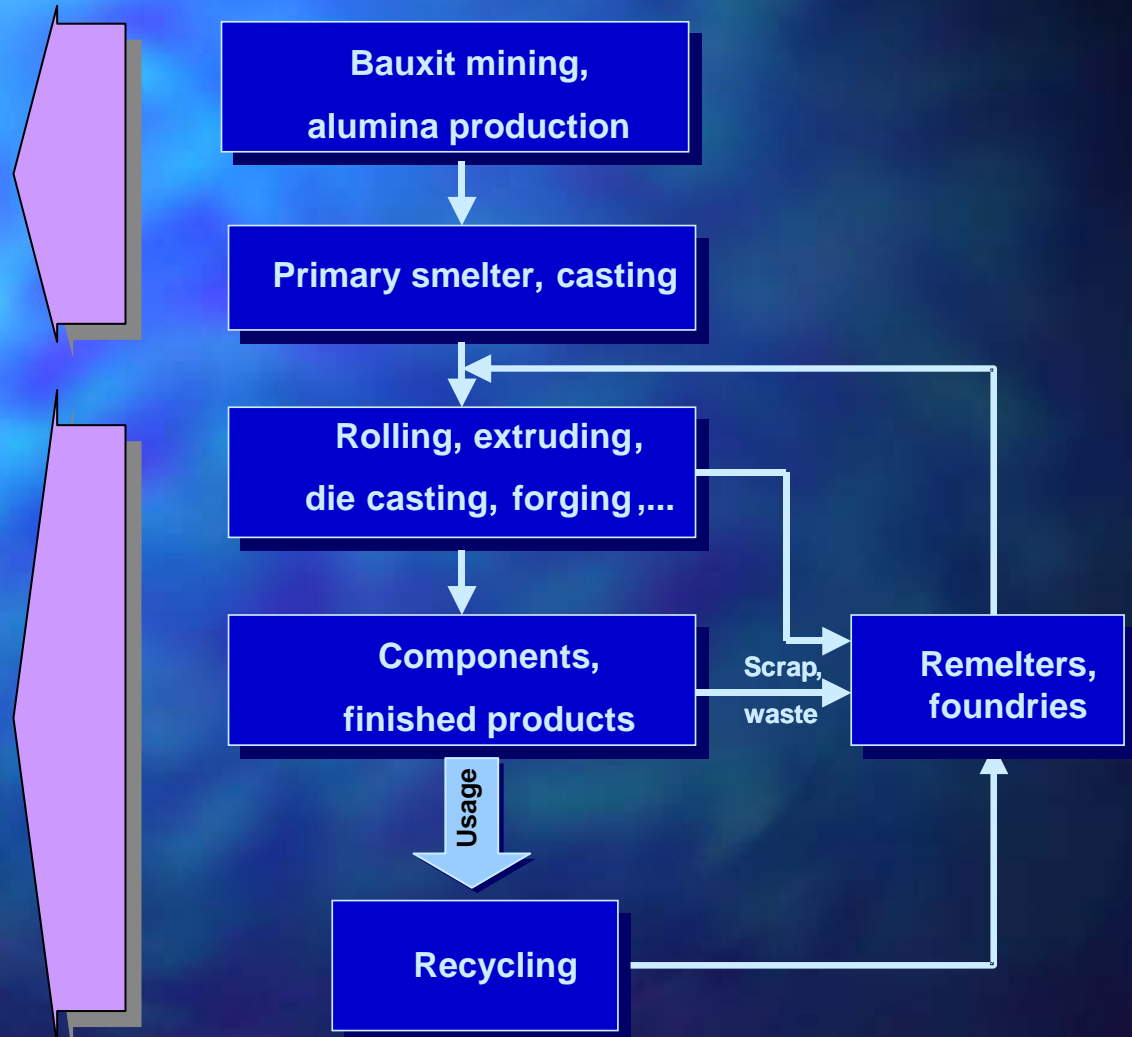
- *Type 2 → Globalisation of managing business*
 - *mainly in fragmented market structures*
 - *for „franchise-like“ business model*

The Globalising Competitive System

Aluminium industry structure and type of globalisation

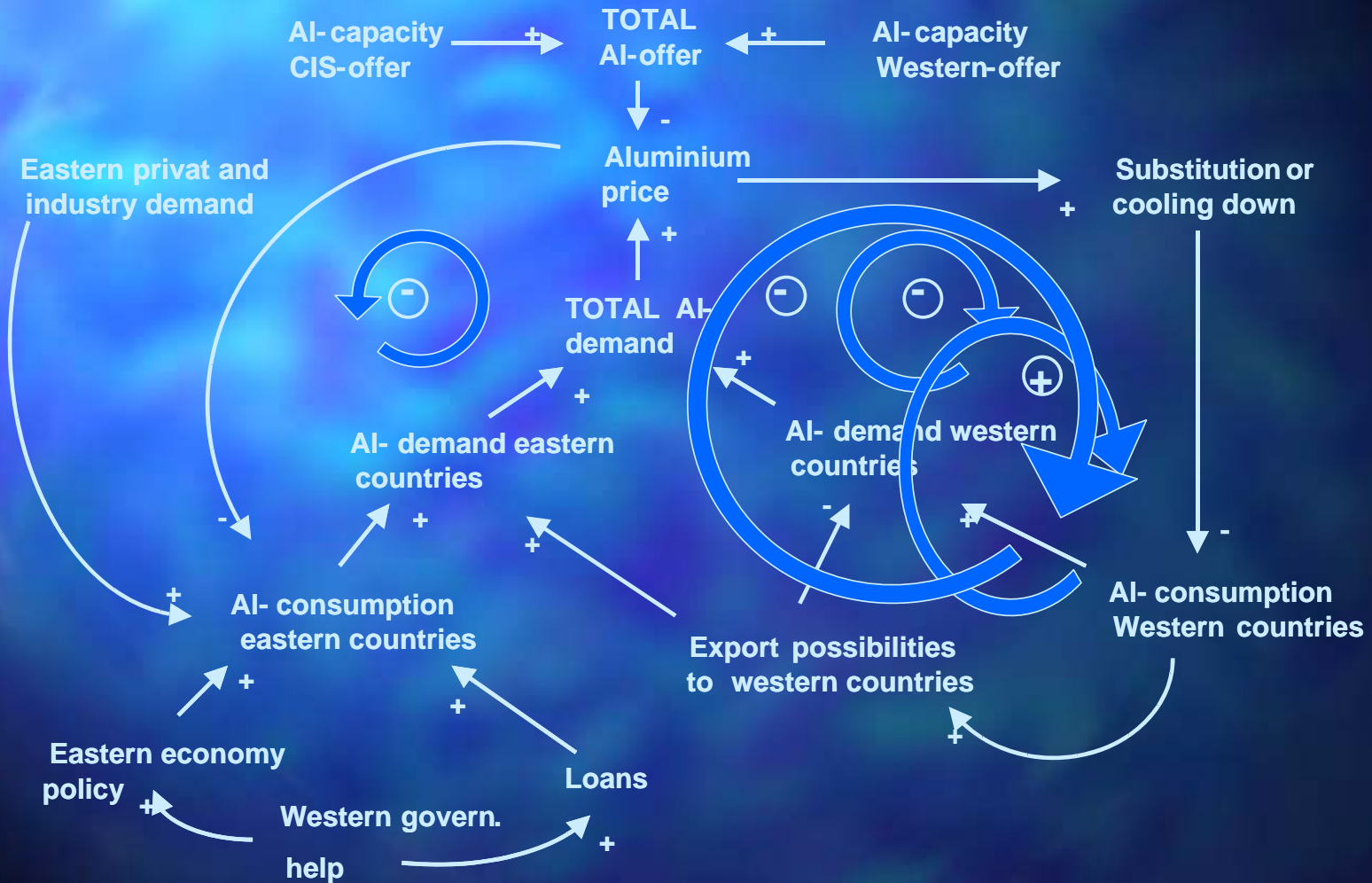
*Type 1
globalisation
predominant*

*Type 2
globalisation
predominant,
if ever*



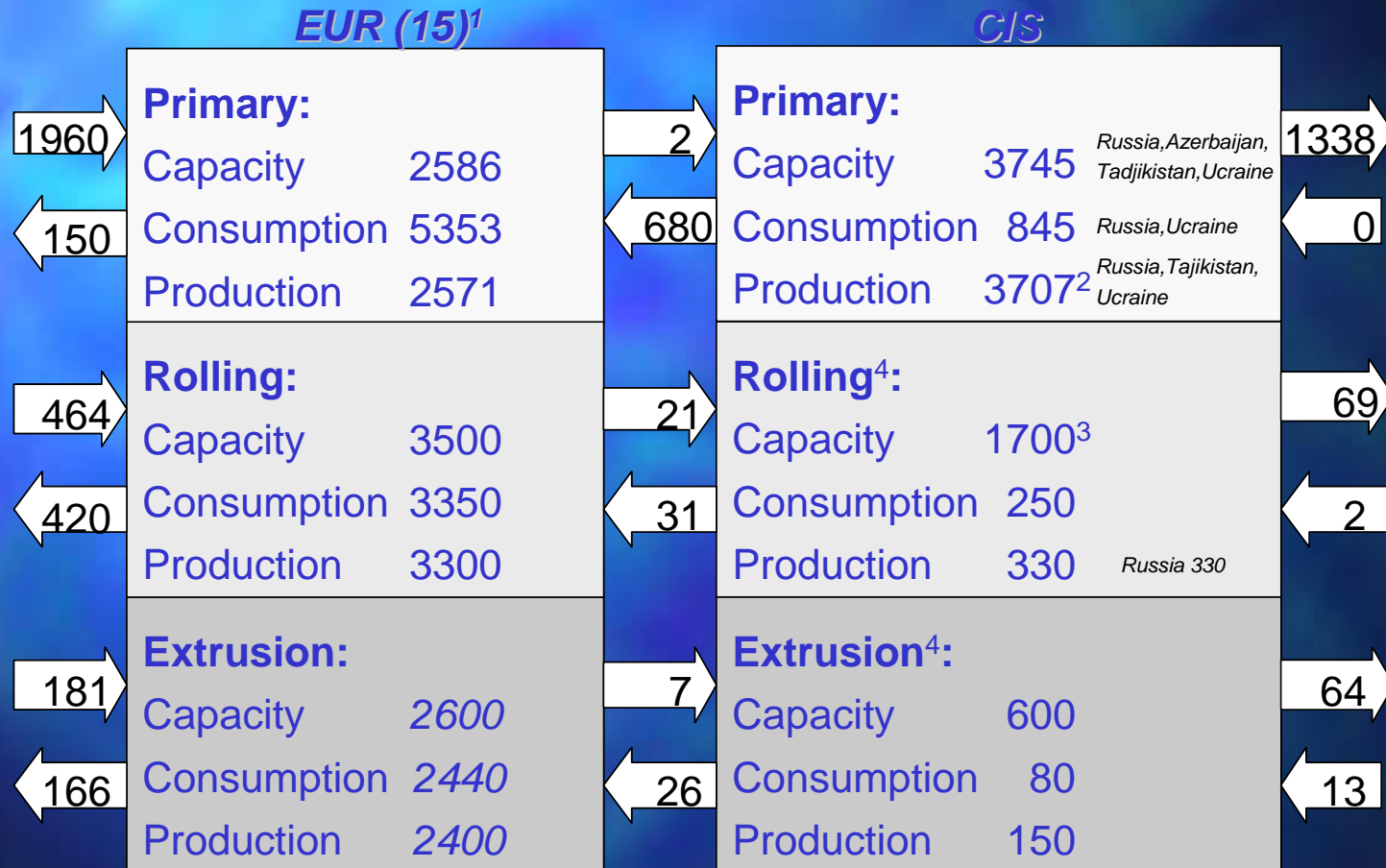
The Opening of the East

System dynamics and driving forces on Alu demand



The Opening of the East

The EU/CIS intertrade in 2001 (ktons)



¹ EU 15 includes EU 11 plus Denmark, Greece, Sweden and UK

² Differences between Production and Consumption/Export are explainable with stocked material or even higher (not registered) Exports

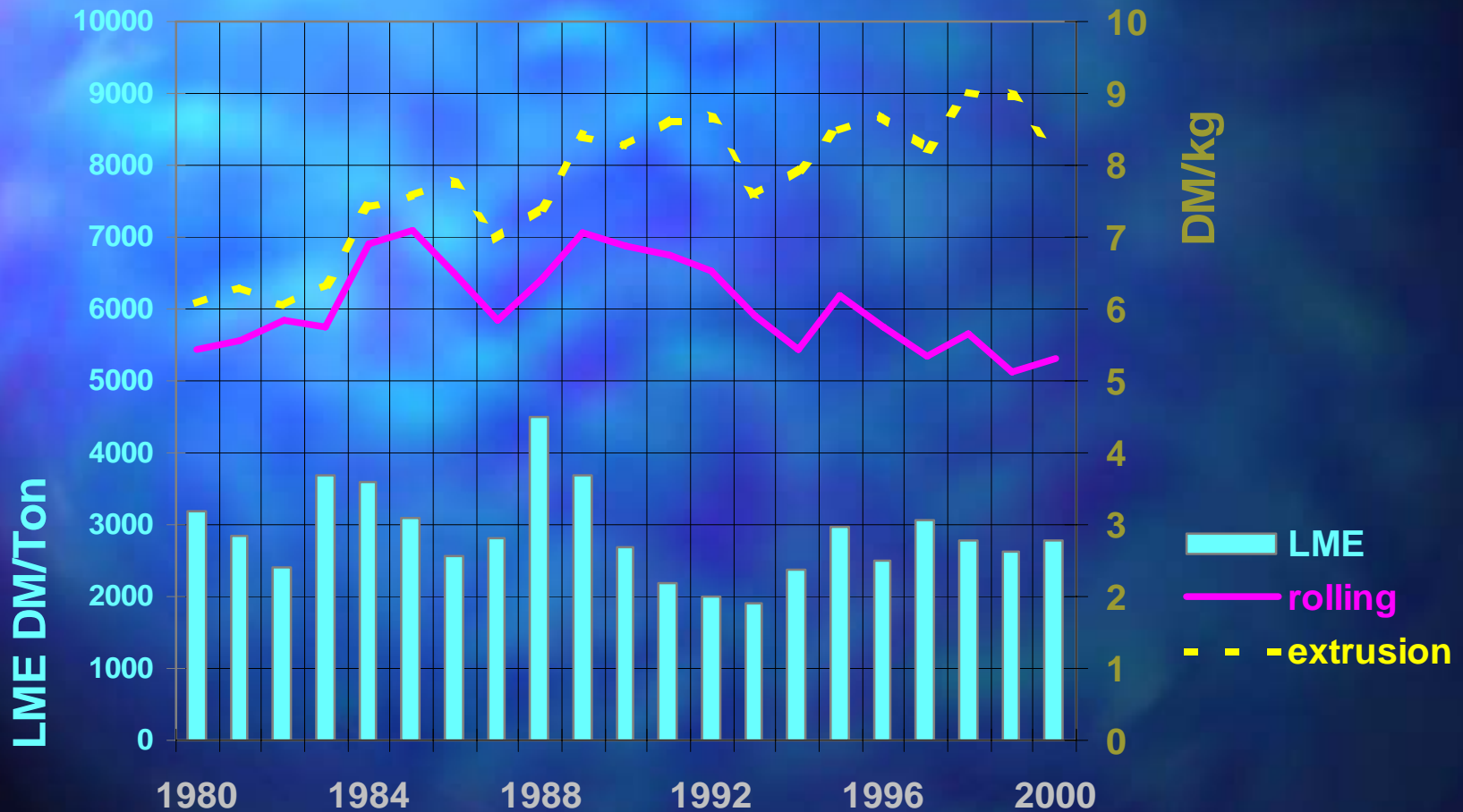
³ theoretical, not fully operational

⁴ estimated, figures not available

Source: EAA/Eurostat, various sources, own estimations

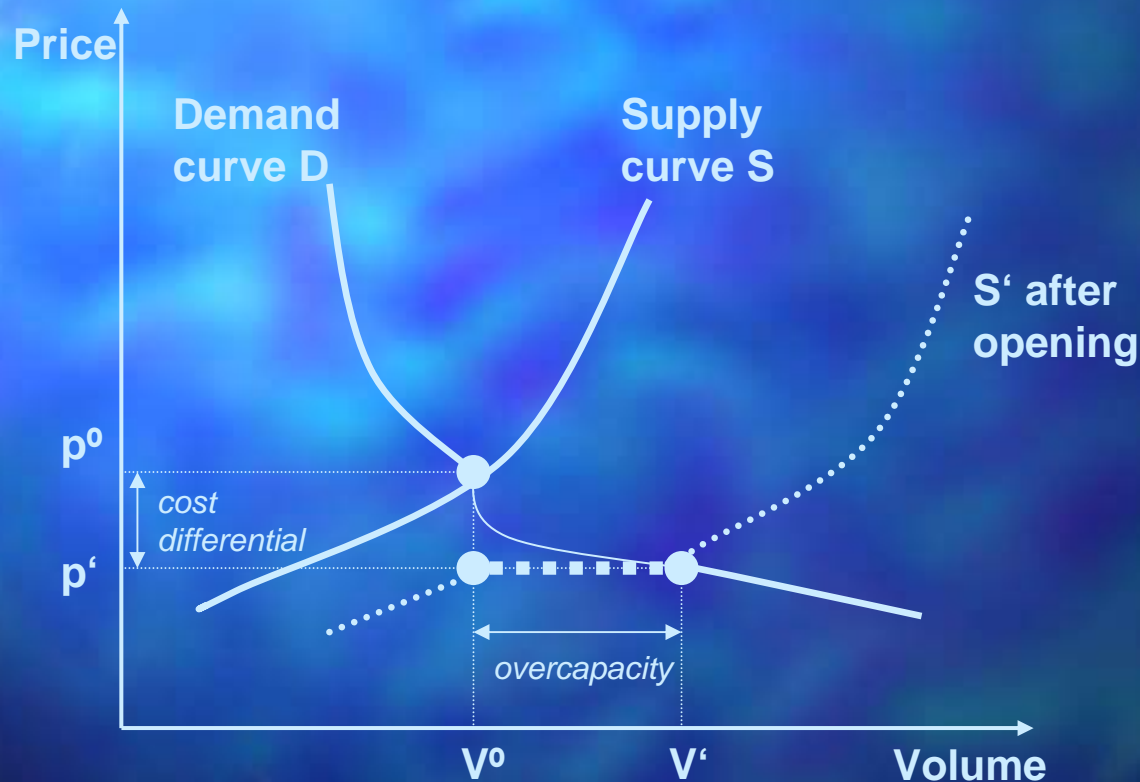
The Effect on Prices

Price evolution of rolled and extruded products



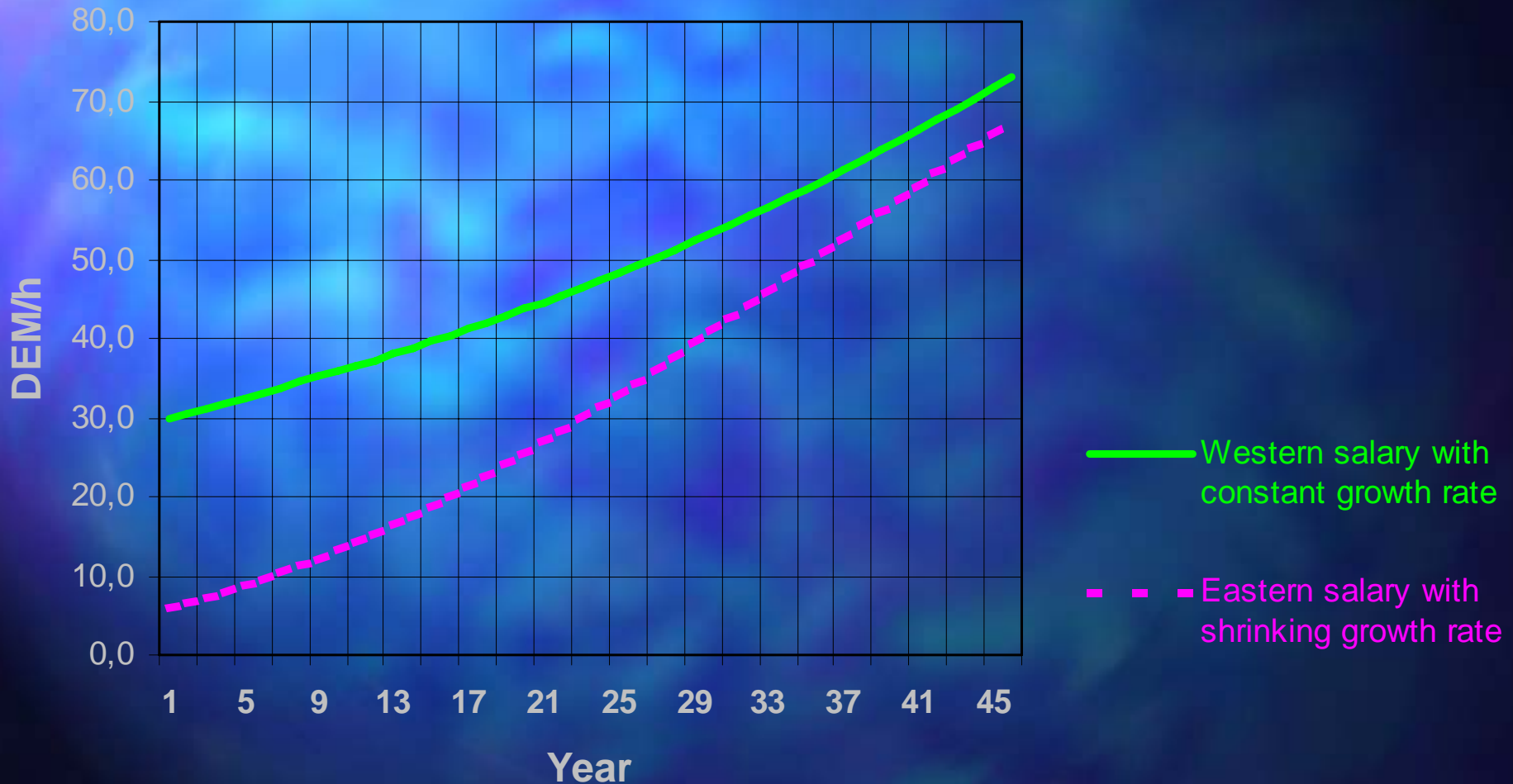
The Immediate Effects

Price discontinuity due to apparent supply increase



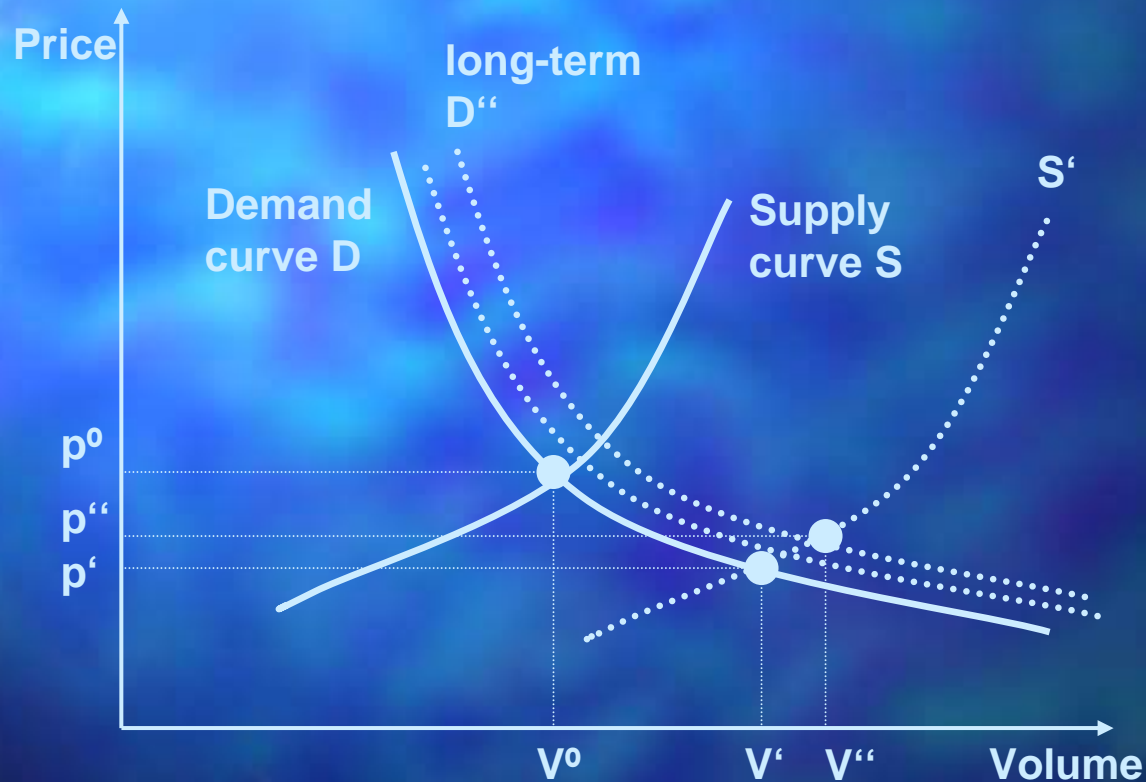
The Persistence of Effect

Evolution of East-West salary differential



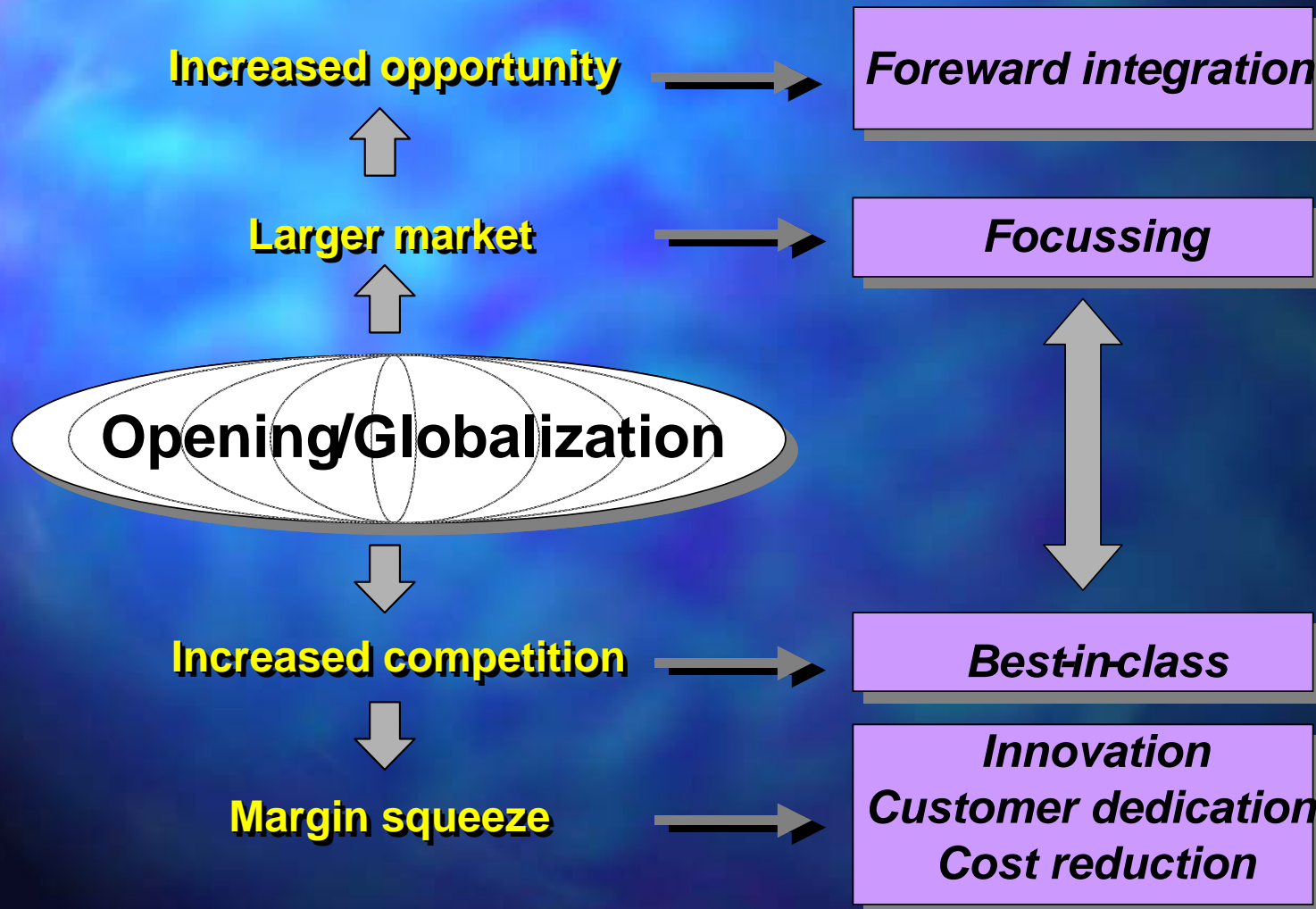
Changes in Demand Characteristics

New possible equilibrium in the long term



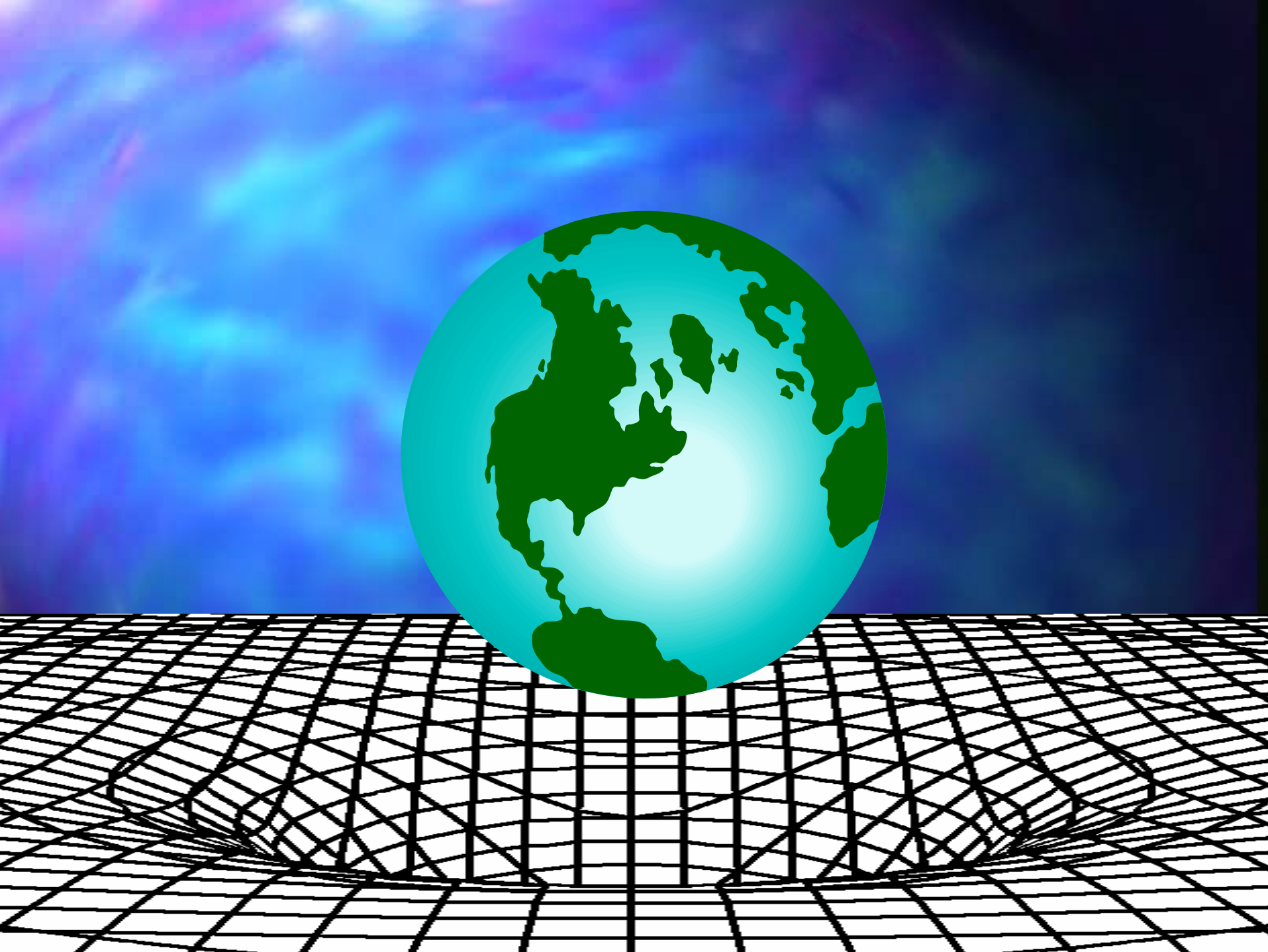
Resulting Strategies

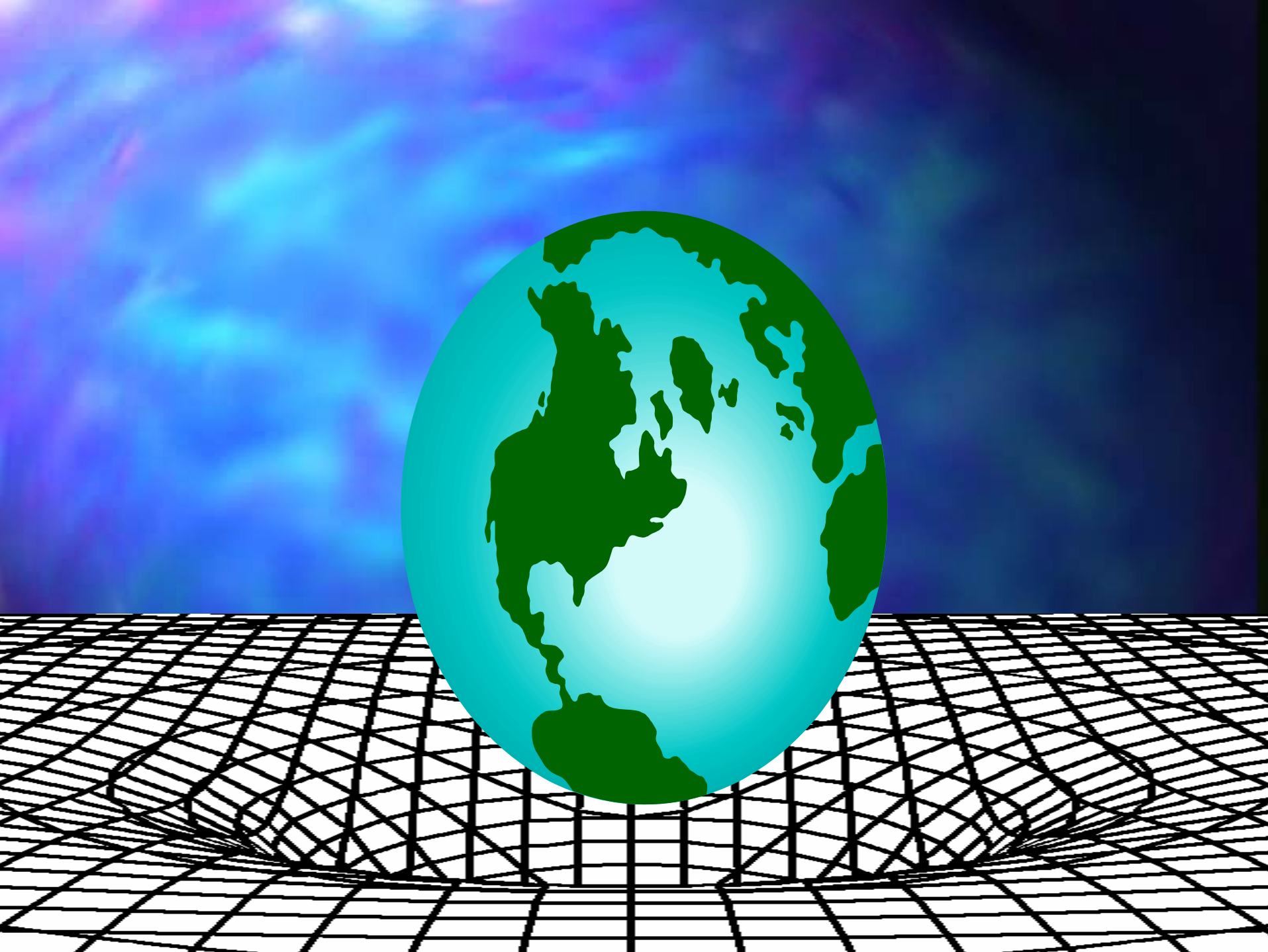
The response to the opportunities and challenges

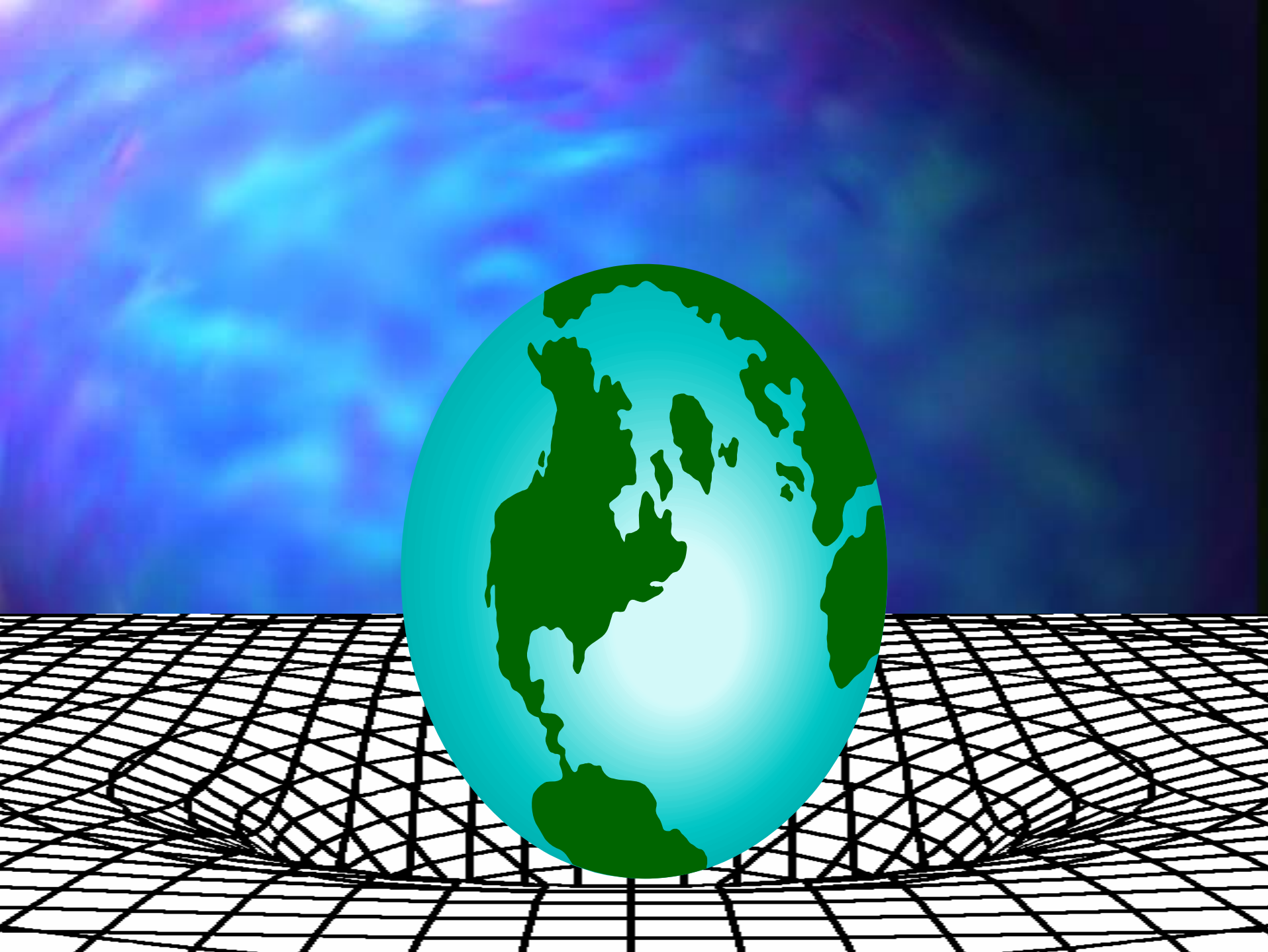


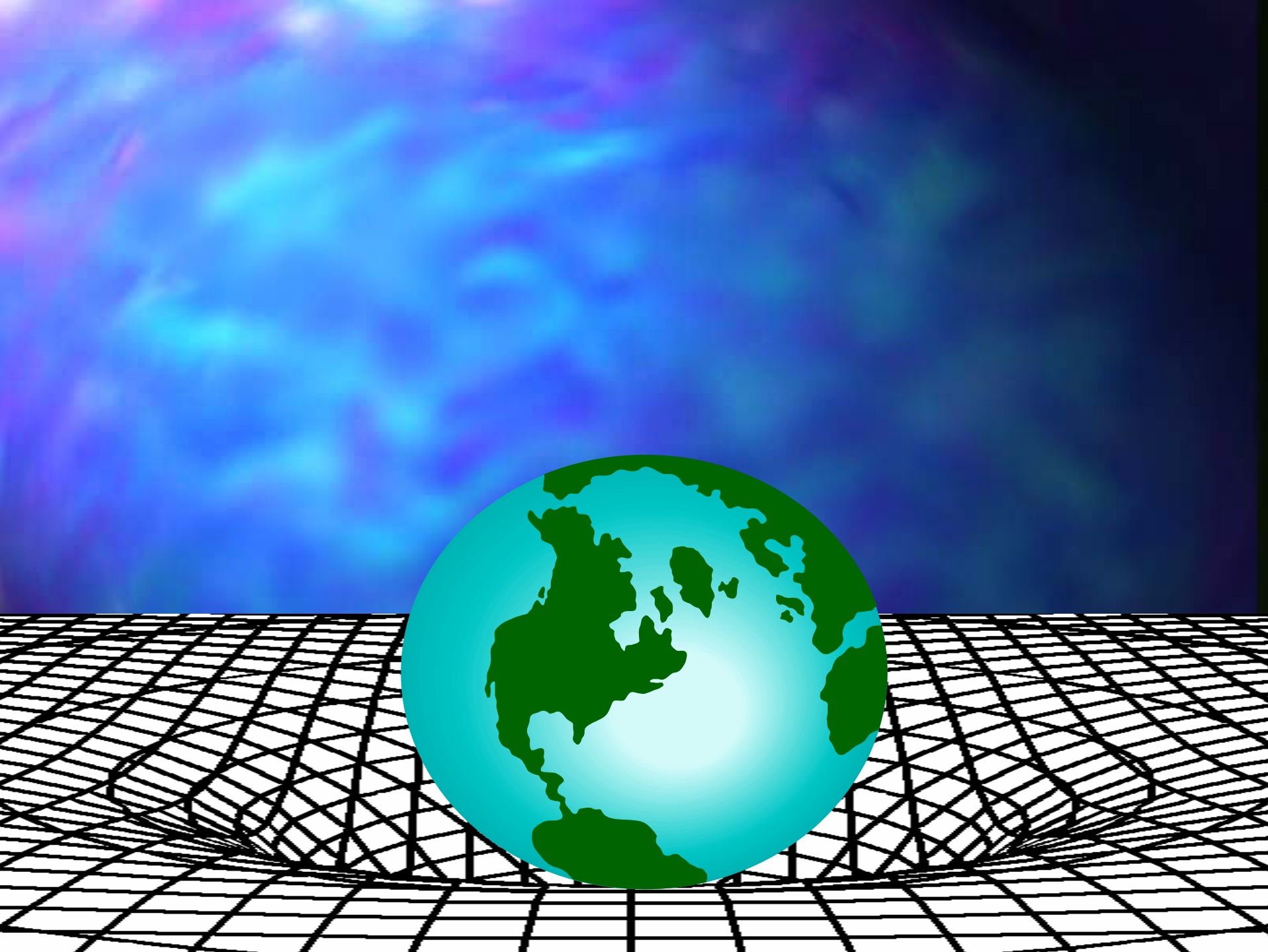
The 10 Postulates of Globalisation

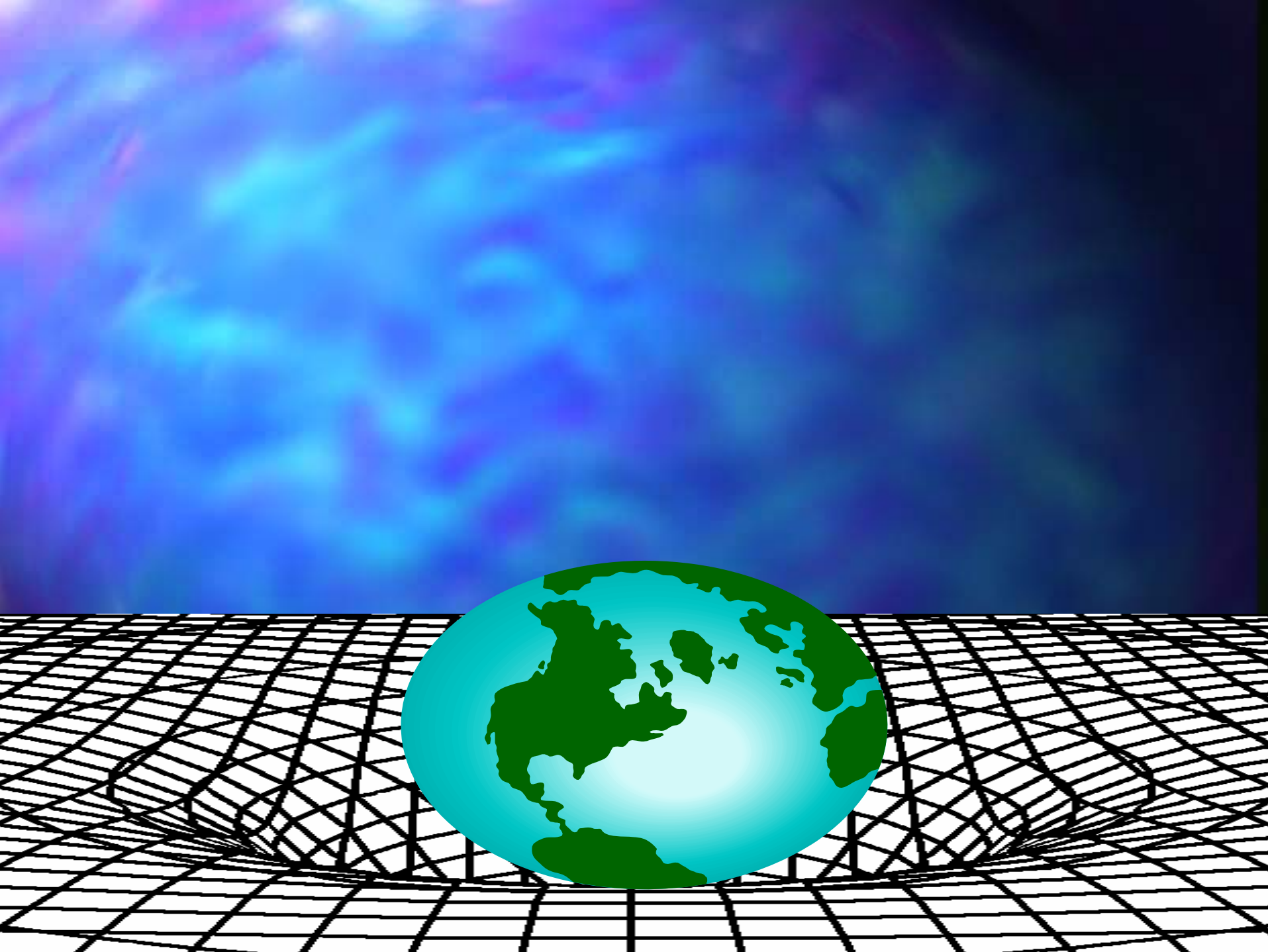
- 1. The price spiral has not yet reached its equilibrium.*
- 2. The Eastern semis exports will increase.*
- 3. The East's labour cost advantage will persist.*
- 4. The semis margin will hardly improve.*
- 5. Lower semis prices will create new applications.*
- 6. Customers will increasingly take advantage from low-price sources.*
- 7. Economies of scale will play a decisive part.*
- 8. Specialised plants will take advantage over multi-purpose plants.*
- 9. Technology-push allows differentiation.*
- 10. Mergers and networking within an integrated value chain will dominate the future.*

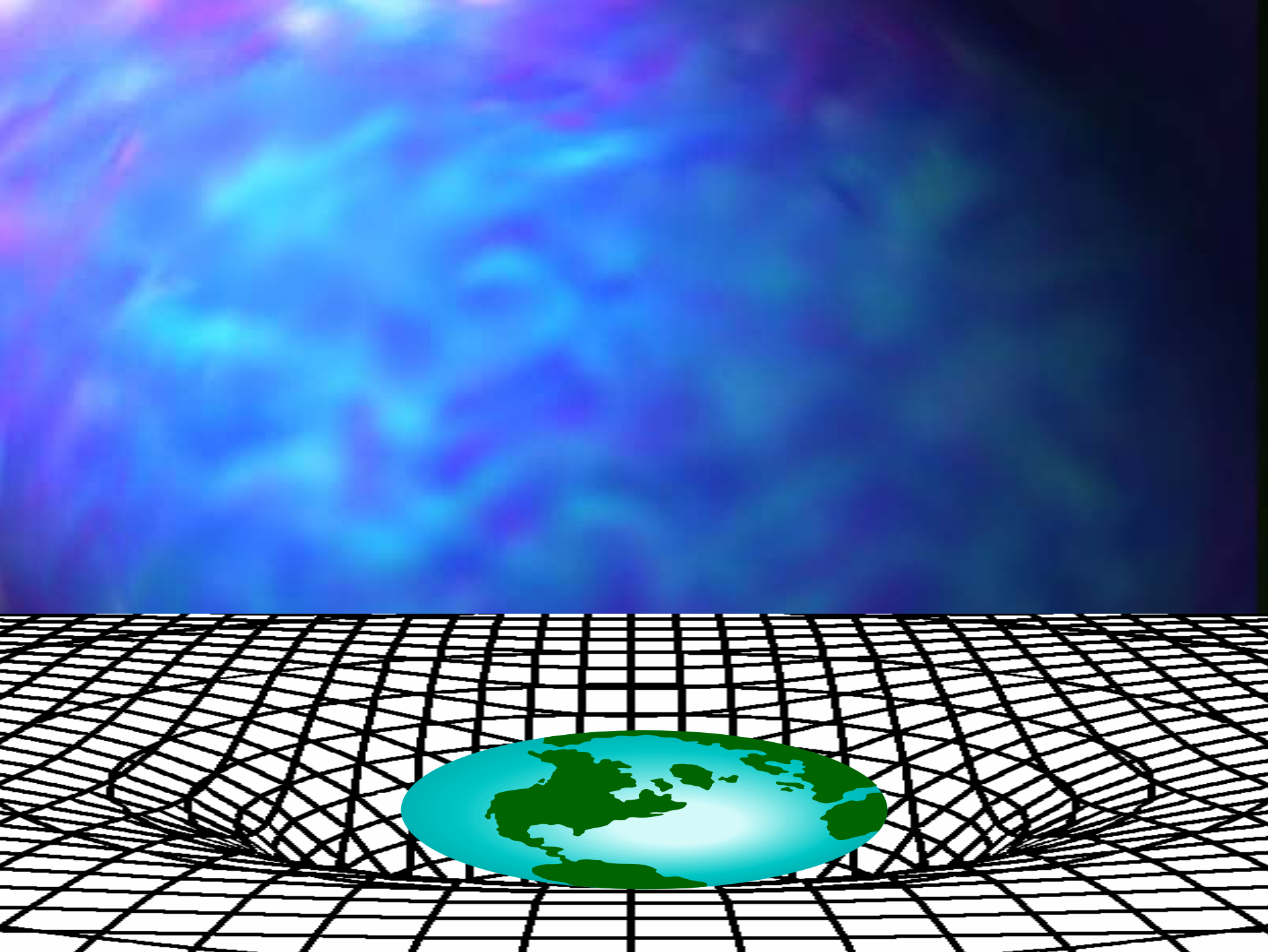


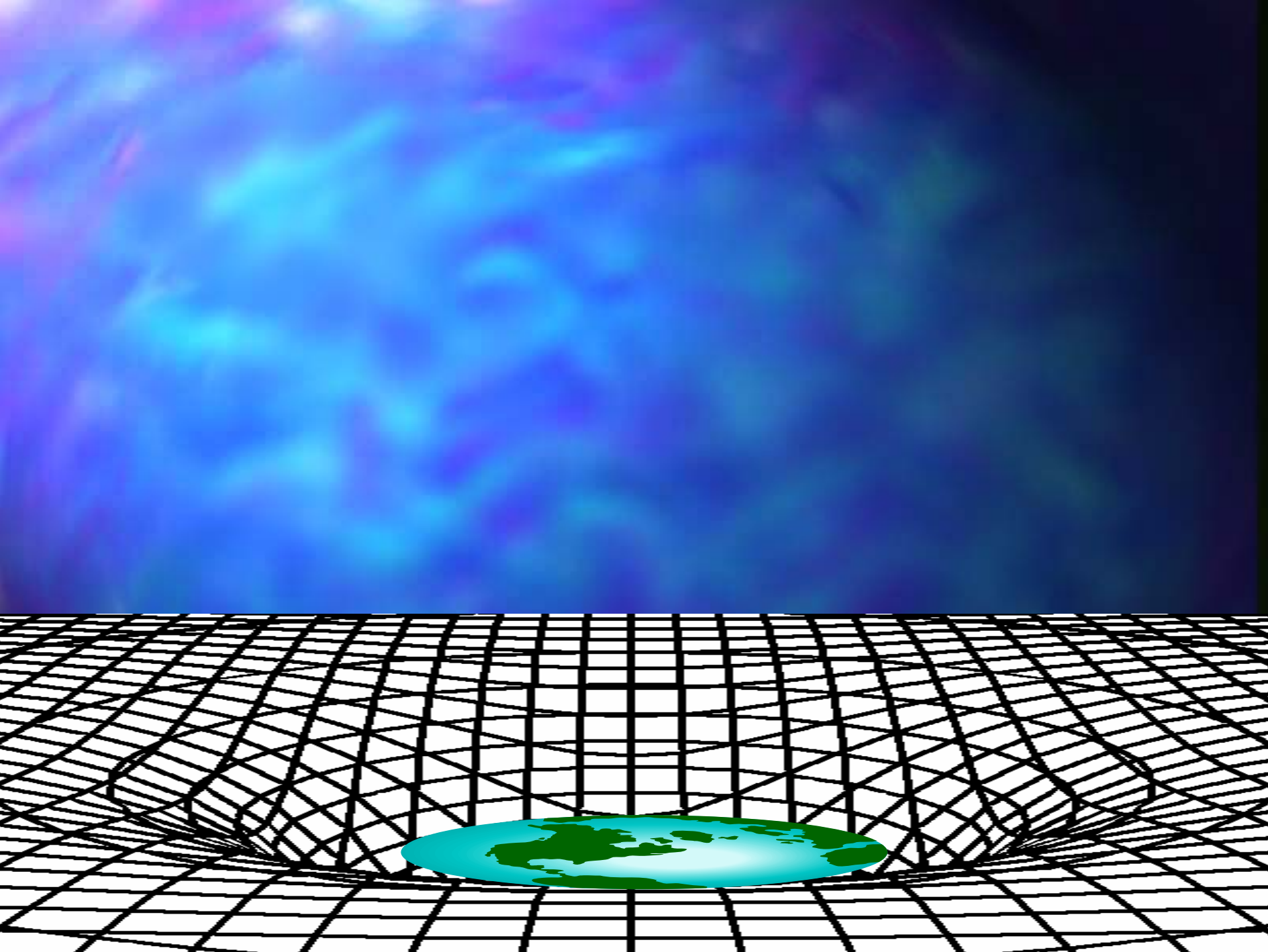


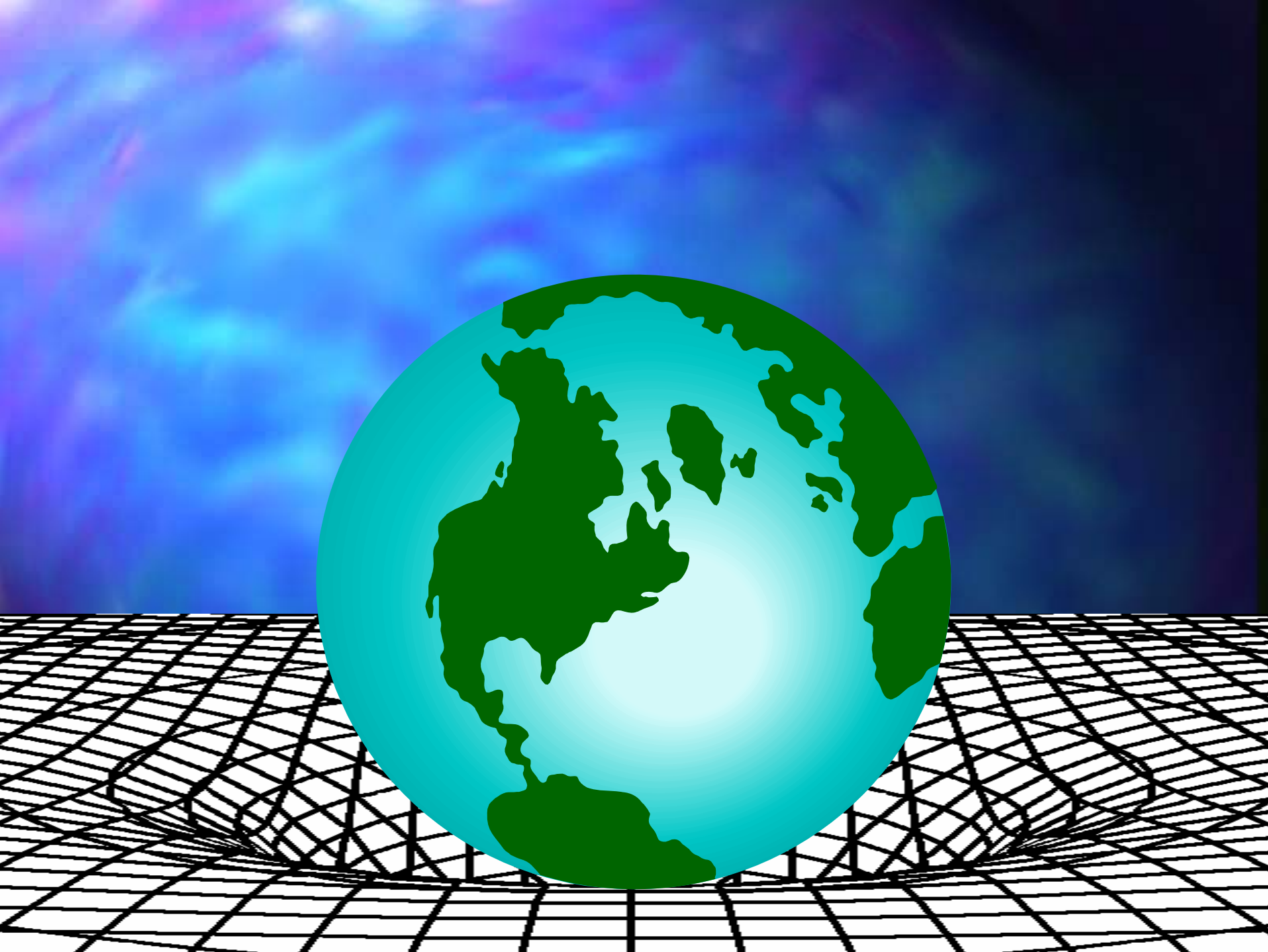




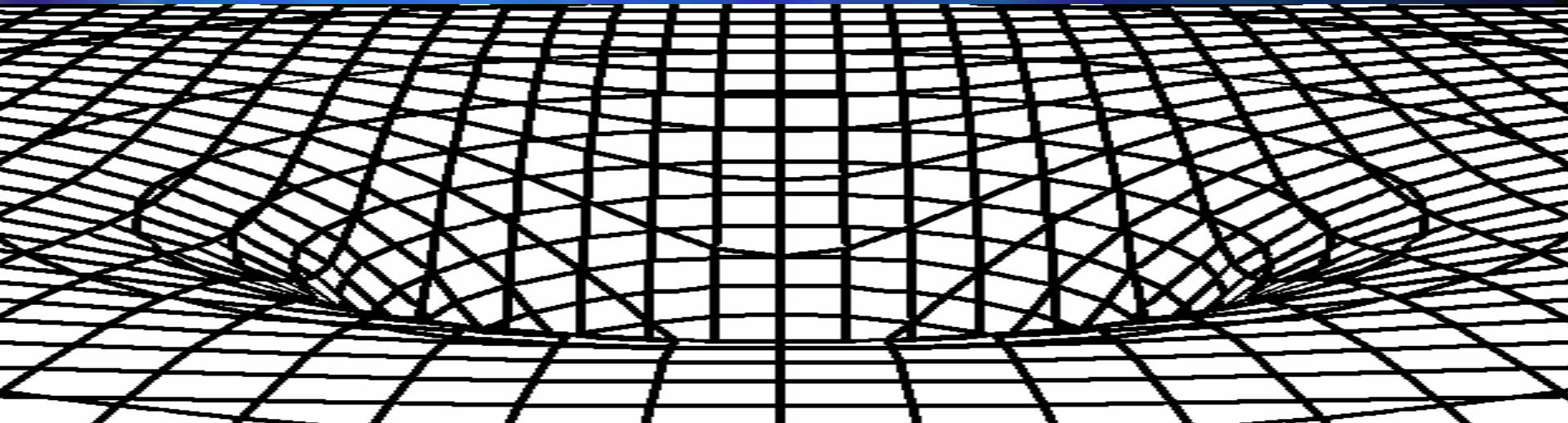








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