



Fergus Ewing  
Cabinet Secretary for the Rural Economy and Connectivity

22<sup>nd</sup> November 2016

Dear Fergus,

### **Commitment of the GFG Alliance to Lochaber**

Thank you for your letter of 22 November. I am copying this to the First Minister.

We are seeking to conclude negotiations with Rio Tinto Alcan to purchase the Lochaber aluminium smelter and hydro power stations at Fort William and Kinlochleven.

We are grateful for the support of the Scottish Government for our acquisition and investment strategy. We share your aspirations for a strong economy and industrial strategy for Scotland, and consider that the Lochaber complex can be an important part of that. Our plans involve the continuation of smelter operations for the long term; this will secure an estimated 150 direct jobs and many hundreds more indirect jobs in Lochaber and beyond.

We made a commitment to re-opening the steel plants at Dalzell and Clydebridge and are proud to have delivered on this. Our broader ambitions for investment in Scotland are strong and, subject to the successful conclusion of negotiations with Rio Tinto, we make the following firm commitments to you:

#### *Government guarantee*

- To provide assurance that a government guarantee strikes the right balance of benefits against risks, the companies in the GFG Alliance will offer a comprehensive security package over the Lochaber assets and a range of other risk mitigants, conditions and guarantees to protect the Government's long-term interests.
- The proposed guarantees shall be subject to Scots law and to the jurisdiction of Scottish courts.
- We will exercise our best endeavours to procure grid connection upgrades at the earliest possible date and to make our investment in Lochaber a success.

#### *Industrial development in Lochaber*

- We will make substantial additional investment in the businesses which we are acquiring and in new downstream manufacturing facilities at Lochaber for aluminium products to end-users in the automotive industry and other sectors. This will move the smelter operation from a commodity business to the top of the value chain.
- To illustrate progress we will complete and share with you a full business plan for the alloy wheels plant before July next year and seek planning consent for the new plant within the same timescale.

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This investment will create several

hundred additional direct and indirect jobs as we move towards full capacity and also protect the existing jobs.

*Wider industrial development*

[REDACTED]

[REDACTED]

*Community engagement and buy-out aspirations*

[REDACTED]

[REDACTED]

We understand how important the continued development of industrial activity in Lochaber is for your Government, and the employment and economic value which go with that, and we look forward to working closely with you to deliver what is a joint ambition.

We will be a good partner for your Government and can commit to sign the Scottish Business Pledge and be one of Scotland's best businesses.

Yours sincerely,

[REDACTED]

**Sanjeev Gupta**  
Executive Chairman,  
Liberty House Group Pte Ltd

cc. The First Minister of Scotland

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