



Press release

For immediate release

Canadian Government supports aluminium traceability: a strategic project to secure the future of the Canadian industry

Saguenay, August 19, 2020 — The Aluminium Association of Canada (AAC) welcomes the government's support through Canada Economic Development for Quebec Regions, contributing to the full recognition of the North American origin of its metal through its continental markets and integrated value chain such as the automotive industry. This support announced today by the Minister of Economic Development and Official Languages, the Honourable Mélanie Joly, is the culmination of more than two years of work by the industry.

“In this period of economic and political uncertainty for the industry, the authentication of aluminium is a highly strategic approach to leverage the strengths of Canadian aluminium and consolidate its markets”, underlines Jean Simard, President and CEO of AAC.

Thus, the system of authentication and traceability of primary aluminium produced in Canada will provide:

- The Canadian origin of the primary metal crossing the US border;
- Capacity to strengthen the application and compliance with obligations related to the lifting of US tariffs;
- Real-time documentation of metal market movements with the United States.

The Canadian government had already proceeded, in compliance with the commitments of May 17, 2019, in connection with the industry, to the establishment of a surveillance system through the Import Control List (ICL) which has been in effect since September 1, 2019. While this system provided near real-time visibility to listed imports, it did not provide visibility into Canadian exports to the United States.

From smelter to border: two pilot projects

Initiated by the AAC, two pilot projects were thus launched in 2019 and 2020. In 2019, the AAC and the Optel Group of Quebec assessed the technical feasibility of adapting existing and proven cloud computing solutions in the aluminium smelter environment in Canada. This pilot project, known as “from smelter to border” was launched in September 2019 thanks to the participation of Aluminerie Alouette.

Once the feasibility was demonstrated by this first pilot, the AAC launched a second pilot project in March 2020 with one of Rio Tinto's smelter in Saguenay. This project is in the final phase. The goal is to test the transit of the metal from “smelter to border” through a processor intermediary, adding an additional level of complexity.

Following this second pilot, the industry is ready for a nationwide rollout of the concept.



A CUSMA smelted and poured production

The 2018 US–Canada tariff dispute raised the issue of the origin of the metal entering the United States. It is from this moment that the AAC first identified industrial serialization technology (barcode identification), then traceability technology as innovative solutions applicable to its industry. On May 17, 2019, a joint Canada–US declaration retained the concepts of “surge” and “transshipment” in respect of foreign metal crossing the border from Canada, concepts that make metal traceability more relevant than ever.

The entry into force of CUSMA on July 1, 2020, and the new Rules of origin (ROO) call for the realignment of the automotive value chain over the coming months and years. Material tracing is required in order to guarantee North American origin of metal. The traceability project will allow the Canadian aluminium industry to document a “smelted and poured” origin throughout the value chain.

“This “link to market” approach will help consolidate the commercial value chain of our strategic automotive market, from our primary production facilities, through SMEs from Quebec, Ontario and elsewhere in the country, and will provide reliable and comprehensive market data. A modern way to secure Canadian traceability in its most important market,” concludes Mr. Simard.

About the Aluminium Association of Canada (www.aluminium.ca/en)

The Aluminium Association of Canada (AAC) is a non-profit organization representing three Canadian world-class aluminium producers: Alcoa, Alouette, and Rio Tinto operating nine smelters in Canada, eight of which are in Quebec, and employing over 8,700 workers. For more information, visit www.aluminium.ca or Twitter @AAC_aluminium.

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