
UMMC to boost Uralektromed copper capacity by 50pct

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Interfax cited Mr Andrei Kozitsyn GD of Russian copper company as saying that Urals Mining and Metals Company plans to finish refurbishing its flagship Uralektromed refinery and boost its capacity more than 50% to 500,000 tonnes of refined copper per year by 2012.

Mr Kozitsyn said Uralektromed, which is from Verkhnyaya Pyshma, Sverdlovsk region is currently capable of producing around 300,000 tonnes to 350,000 tonnes of refined copper per year.

He said that "We will progress with the Uralektromed refurbishment next year. We're moving forward with our smelters and mines, and we'll have to raise Uralektromed's capacity to 500,000 tonnes if not next year then by the end of 2011. Increasing capacity more than 50% involves not just adding electrolytic cells but a full revamp."

He added that "This really is a major project and mining and smelting capacity is being built with this in mind."

Mr Kozitsyn said UMMC had put some major projects to do with real estate and housing construction on hold due to the economic conditions, but that it continued to invest in industrial construction.

He said that "We're finishing what we've started to build in base metals, in particular the Sredneuralsk Copper Works. This is almost complete, and we're at the commissioning stage. And we haven't stopped everything to do with mining. These are the two main areas that we are funding."

Mr Kozitsyn said investment this year compared with 2007 would at least halve. He said that "That year and 2008 were almost identical as far as planning went, and compared with 2007 I think investment will fall if not two-thirds then at least by half. We'll have a better idea when this year is over, but the figures will be along these lines."

Mr Kozitsyn said it would not be right to compare this year investment with 2008. "Everything just collapsed in Q4 2008 and this impacted the year's overall results. If copper was trading at USD 8,500 a tonne in June 2008, rising even to USD 9,000 at times, it had dropped to USD 2,800 by December. And the exchange rate had been RUB 24.5 per USD 1. So construction was out of the question - we had to make ends meet. This is why it's inappropriate to compare figures with 2008."

Mr Kozitsyn told a press conference in Verkhnyaya Pyshma that coal production could fall slightly this year to 49,000 tonnes. Copper production would fall 10% at most to approximately 340,000 tonnes, or possibly more. Commercial zinc production, not including the recently acquired Chelyabinsk Zinc Plant could come to 90,000 tonnes and zinc in concentrate to 170,000 tonnes. Lead production will fall and come to approximately 30,000 tonnes including 23,000 tonnes to 24,000 tonnes at UMMC smelter in Vladikavkaz and 6,000 tonnes to 7,000 tonnes at Uralektromed.

Mr Kozitsyn told the press conference that he thought the state must be involved in power sector projects. He said that "The projects have a chance if we're able to arrange project financing and if the budget finances the infrastructure. Project costs would then take eight to 12 years to recoup any longer and they would not make economic sense."

Mr Kozitsyn also said the state's involvement was needed for another non-core project by UMMC to build a pulp and paper mill in Tavda, Sverdlovsk region. He said that UMMC even owns an aircraft factory in the Czech Republic. Kozitsyn said its 51%-owned Aircraft Industries a.s. plant which produces the L-410 turboprop, could be working at full capacity next year. He added that "We have orders, contracts and protocols of intent."

Mr Kozitsyn said the plant would be turning out 12 aircraft per year if it operates at full capacity. He said that "That's what we're looking at in 2010 and early 2011."

Permission has been granted to fly these planes in Russia, he said. UMMC bought the 51% of the Czech plant, which used to be known as LET in 2008.

(Sourced from Interfax)

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