
CAPEX cuts - UMMC cancels EUR 150 million Strabag order

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Reuters citing Mr Andrey Kozitsyn UMMC General Director as saying that Russia's Ural Mining and Metallurgical Co has cancelled a EUR 150 million steelworks order from Austria's Strabag.

UMMC said it took the decision in December 2008, adding it still intended to complete the Russian plant in Tyumen if it is able to obtain about RUB 6 billion in co-financing from the Russian government.

The company said in a statement that "Within the next three months we plan to complete the preparation of documents that will allow us to expect to receive state budget funds. It also plans to invest a further RUB 9 billion of its own funds in the steelworks."

Russian metals and mining companies have been hit hard by the global downturn, which has depressed prices for the raw materials they produce.

In 2006 UMMC estimated it would need to invest a total of EUR 370 million to bring the plant online, and it would have a capacity of 550,000 tonnes per year.

(Sourced from Reuters)

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