
Production pruning - Outokumpu to increase capacity utilization

Friday, 26 Jun, 2009

Outokumpu announced that it will increase its production capability as the order intake for deliveries after the summer vacation period is showing some recovery. Temporary layoffs for some 700 employees at the Tornio plant will be adjusted accordingly and the personnel have been informed.

It said that “In the past weeks Outokumpu's order intake for stainless steel has increased somewhat from the earlier very low levels. The reduction of inventories by distributors and end-users seems to have ended and the increase in the nickel price has triggered some purchasing activity. There are, however, no signs of recovery in the underlying demand for stainless steel.”

Outokumpu has been operating at about 50% to 60% capacity utilization in the first half of 2009. The Group will now take actions to adjust the production capability to allow for some recovery in the delivery volumes for the fourth quarter of this year. The plan is however not to return to full production capacity at this stage. Delivery volumes in the third quarter will remain at depressed levels due to capacity constraints and maintenance shutdowns.

The changes in the production plans will impact the on going temporary layoffs at Outokumpu's Tornio plant in Finland. The currently idled melt shop will start production one month earlier than planned and the employees will be back at work from the beginning of September. Working shifts at the steel production lines will be increased and the extent of temporary layoffs is reduced accordingly. Altogether the changes apply to some 700 employees. The fixed period temporary layoffs for Kemi Mine and Ferrochrome Works will continue until October as planned. The part-time temporary layoffs for maintenance and support functions employees will be implemented as planned and their need is reviewed quarterly.

Tornio Works in Finland employs 2 350 people of which over 1 800 have been in the scope of the fixed period or part-time temporary layoffs since April.

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