Vestas To Lay Off More Than 2,300 Workers

Jan M. Olsen, Associated Press

COPENHAGEN, Denmark (AP) — Vestas Wind Systems A/S, the world's biggest maker of wind turbines in terms of revenue, said Thursday it is to layoff 2,335 people worldwide and warned that an additional 1,600 jobs in the U.S. could be at risk if Congress doesn't extend tax breaks for renewable energy.

Vestas, which is based in Aarhus, Denmark, said the layoffs were part of efforts to reduce fixed costs by more than euro150 million ($191 million) as it deals with tough competition and a market slowdown following the global recession in 2008-2009.

Vestas said it would lay off 1,300 employees in Denmark; 450 of those would come in Spain, Italy, Germany and Sweden while 400 would go in China and 182 in the United States. The company is preparing for further cuts if the U.S. doesn't extend its Production Tax Credit for renewable energy, which expires at the end of 2012.

"This can result in layoffs of an additional 1,600 employees at the factories in the USA," Vestas said in a statement.

In 2010, Vestas was awarded about $51 million in federal tax credits in the U.S., where it has invested more than $1 billion in four facilities in Colorado. The U.S. operations are headquartered in Portland, Oregon.

The Danish company expanded rapidly until the economic downturn slowed investments in wind power. In addition, Vestas has lost market share to Chinese competitors.

Sluggish sales have already forced the company to slash its forecasts for 2012 twice. It has also abandoned its 2015 sales target of euro15 billion ($19.1 million) and the aim of reaching a profit margin of 15 percent.

Vestas shares fell 4 percent to 60.30 kroner ($10.32) in Copenhagen after the layoffs were announced.

Danish Prime Minister Helle Thorning-Schmidt called it "very, very sad news" for the country, which seeks to profile itself as a green energy leader.

"This is one of the businesses that we thought would be the new way of doing green technology," she said. "Despite the setback that we have seen right now, this is and will be the right approach."

Last year, Vestas laid off 3,000 workers after posting a 24 percent drop in profits in the third quarter.

Sydbank analyst Jacob Pedersen said the cutbacks were a "big step in the right direction" to make the company more competitive.

After the cuts, Vestas said it will have around 20,400 staff and 25 factories worldwide.

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