
Downsizing deals - ArcelorMittal Ostrava denies shifting of production

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Mr Augustine Kochuparampil CEO & chairman of ArcelorMittal Ostrava while replying to rumors concerning operations shifting to Romania or to Poland flatly denied them, claiming that the majority shareholder ArcelorMittal would not have paid EUR 275 million to purchase 11% of the company's shares from the government if it was shutting down.

Nonetheless layoffs continue, with the recent release of an additional 300 employees.

About another 300 people being laid off in Ostrava, he said that "Due to the continuing impact of the economic crisis with no signs of a sustainable recovery, ArcelorMittal Ostrava announced a voluntary redundancy program. It is aimed to reach approximately 300 employees, which represents less than 5% of the employees in Ostrava. It will focus mostly on employees working in administration and support and will be carried out gradually between July and October of this year. The company management tried to avoid such a measure by taking various steps to win some time and give the economy a chance to recover. Since January several hundred employees have been on forced vacations, while receiving 70% of their monthly salaries."

He added that "The company is doing all it can to help the employees it has to let go cope with the difficult situation, including providing them with a generous severance package and helping them find their next job."

He said that "Remaining competitive has been difficult and the company has had to significantly reduce its production capacity. As a result Ostrava's facility is currently operating only two blast furnaces. There was even a contingency plan to operate with only one blast furnace if the situation had not improved by the midpoint of this year."

(Sourced from www.cbw.cz)

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