
Downsizing deals - Massive layoffs scheduled in Russian metal industries.

Tuesday, 30 Dec, 2008

Reuters reported that the Ural Mountains, which divide Europe and Asia, are home to many of Russia's Soviet era metallurgical giants. Entire cities still depend on the plants for their livelihood, making them particularly vulnerable to any sharp cut in production.

Russia's USD 200 billion plus rescue package for the economy has done little here to ease fears that mass job cuts will be necessary. The financial crisis has brought construction and auto projects to a halt.

Mr Andrei Vetluzhskikh, chairman of the Sverdlovsk regional trades union federation said that "About 100,000 jobs, mainly at metallurgical plants are forecast to be cut next year."

He said that metal workers in the industrial cities of the Ural Mountains were the elite of the working class when prices were at record highs this year. Now, they worry about how they will feed their families and meet bank repayments as employers, crippled by the sharp drop in demand delivered by the global financial crisis, prepare to slash one fifth of the workforce in Sverdlovsk region next year. He added that "We expect job cuts in the metallurgical sector could amount to as much as 20% of the entire workforce, while production volumes are expected to drop by up to 40 percent."

Mr Vladimir Putin PM of Russian has warned employers not to cut jobs without extreme need. One of his deputies Mr Alexander Zhukov has identified steel and machine building among the sectors worst hit by the crisis and named both Sverdlovsk and Chelyabinsk as regions in need of special attention. As metal plants empty, employers are turning to alternative methods to keep their workers off the streets.

(Sourced from Reuters)

For more news visit at www.steelguru.com