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## Downsizing deals - Story of Novokuznetsk

*Saturday, 03 Jan, 2009*

Reuters reported that the working week, like the winter days in this Siberian city has become shorter since the global financial crisis paralyzed its heavy industry and pay packets have been cut by a third or more.

Novokuznetsk was booming when demand for steel produced by its two giant mills reached record highs early this year. The sudden reversal in the world economy has hit hard. The city's main employer is Evraz Group. Its giant Novokuznetsk steel complex, around which the city grew in the 1930s, has cut output by 20% from pre crisis levels.

Novokuznetsk's half a million residents, over 60% of whom depend on the steel, coal and aluminum industries, dare not contemplate the alternative mass redundancies as they struggle to repay bank loans taken out in more prosperous times.

Ms Alla Semyonova director of the city's employment center said that "If nothing changes, we will come up against more serious consequences in February or March. People have not yet fully grasped what is happening here."

Mr Yevgeny Sobolev head of the city's labor inspectorate said that up to 80% of the city's employed were now working a four day week. He said that "This should mean a decrease of one-fifth in salaries, but they are being cut by 50 or 60 percent," he said.

Mr Alexei Yurev the plant's GD said that his 8,000 employees had accepted a one-third reduction in wages and most were working a four day week. Inside the plant, sparks still fly as red hot rails are cut to supply 70% of Russia's needs.

He said that "Most importantly, in the three months we have been feeling the crisis, we have managed to retain our entire workforce. We have 10,500 veterans (retired ex-workers), substantially more than we have workers, and we also haven't cut their social programs." But he added that "We can not be completely certain everything will remain as now."

(Sourced from Reuters)

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