

## Layoffs mount as global slump hits US

# Gillette to slash 4,700 jobs

30 September 1998

Gillette, the world's largest manufacturer of razors and blades, announced Monday it would slash its international work force by 11 percent, eliminating 4,700 jobs.

The news from the Boston-based multinational giant was the largest in a series of job-cutting statements from US-based companies issued over the past several days. In virtually every case the companies have acknowledged lower-than-anticipated profits for the third quarter of 1998 and attributed the downturn to sagging sales due to the deepening recession in Asia and economic turmoil in other international markets.

Gillette said its sales would be down 6 to 7 percent from the third quarter of 1997 and its earnings would fall by 20 percent. It plans to close 14 plants, 12 warehouses and 30 offices worldwide.

The company said it has been hit by a decline in wholesale demand overseas, particularly in Asia, where its third quarter revenues fell by 25 to 30 percent. Almost 35 percent of Gillette's sales come from outside the US and Western Europe.

Gillette's announcement followed news from Intel that it will cut 1,000 jobs in New England and indications from Citicorp and Travellers that their merger will result in the elimination of thousands of jobs. Also last Friday Coca-Cola, another blue chip company whose stock has been among the most lucrative in the long bull market on Wall Street, said its third quarter profits would be flat and its fourth quarter earnings would decline.

The same day that Gillette made its announcement of sweeping cutbacks, Levi Strauss said it would eliminate nearly 1,000 jobs in the US, closing finishing plants in El Paso and Amarillo, Texas. The jeans manufacturer said it was also discussing major cuts in its European operations with union representatives. The company is expected to announce the closure of three production

facilities in Belgium and one in France, resulting in nearly 1,500 layoffs, or 20 percent of its European work force.

Last week Crown Cork & Seal, the world's largest maker of packaging containers, said it would cut 2,700 jobs, or 7 percent of its work force. The Philadelphia-based multinational blamed falling demand in Western Europe, Brazil and Mexico for the layoffs.

Other major job cuts announced over the past week include:

- Cooper Cameron, a Houston-based producer of oil and natural gas equipment, will slash 500 jobs, closing a production plant in Missouri City, Texas. The company said its third quarter profits will fall below expectations and attributed the decline to falling sales arising from the economic crisis in Asia.
- Schein Pharmaceutical will slash 350 jobs at its Steris Laboratories generic drug plant in Phoenix, Arizona.
- Smith Corona, a marketer and distributor of office machines and related products, announced it would eliminate 100 employees, or 44 percent of its work force. The company said it suffered a loss of \$4.4 million for the quarter ended June 30.



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