

Britain's largest chemical company cuts 1,000 jobs

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Britain's largest chemicals company, Imperial Chemicals Industries, is to shed 1,000 jobs following the collapse of a sales deal to DuPont in the United States.

ICI's latest restructuring programme will hit the north of England particularly hard. Three hundred fifty jobs will go at ICI's Runcorn plant and up to 200 will be lost at the company's Crosfield subsidiary in Warrington.

The job losses have generated widespread concern, as ICI is regarded as a flagship for British industry. The company was founded in 1926 out of the merger of the UK's four largest chemical companies. The merger was aimed at enabling Britain to compete with its rivals in the chemical industry, such as Du Pont and IG Farben in Germany, the forerunner of today's BASF, Bayer and Hoechst companies. Today ICI employ more than 65,000 workers at plants internationally.

The latest job cuts are the result of a series of failed sales ventures and a global downturn in the bulk chemicals business over the last 18 months. ICI had attempted to sell the Warrington unit to America's WR Grace, but negotiations were called off last October following regulatory objections.

On Monday the company suffered a further blow to its plans to sell off part of its chemicals business to US rivals in order to finance ventures in more profitable speciality chemicals. A £445 million deal to sell off its titanium dioxide business to DuPont was called off after objections from US trade regulators. The deal, which was agreed in July 1997, would have netted ICI £600 million. For its part, the purchase would have enabled DuPont to gain a foothold in the European market. The US company had been prepared to pay \$3 billion for polyester plants and ICI's non-US titanium dioxide interests. But DuPont pulled out of the sale after US trade regulators ruled that it would give the

firm too dominant a position in titanium dioxide and ordered it to sell some of its plants to another company, thus making the deal less attractive.

ICI has been left with a £4.4 billion debt. The company said it expected full-year profits to fall to £315 million, compared to £518 million last year. With the company claiming that profits will barely cover dividend payments, it can be expected that this week's job losses are only the thin end of the wedge for ICI's work force.



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