

DuPont cutting 1,500 jobs

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DuPont announced 1,500 job cuts on Tuesday, as the chemical company slashed its annual forecast and reported a lower-than-expected quarterly profit. The news signaled that demand for the company's paint and solar products is slipping around the world.

Shares of DuPont fell nearly 7 percent in premarket trading Tuesday, down 8.7 percent in mid-afternoon trading. Its stocks closed down nearly 9 percent, ranking as the worst one-day loss for the company since 2008.

DuPont's third-quarter earnings fell 98 percent from the record set in 2011, as demand declined for the company's titanium dioxide, a paint pigment, as well as for its photovoltaic cells. The diversified industrial group is the world's largest producer of titanium dioxide, whose performance is seen as a key indicator of global industrial demand.

DuPont's losses led a selloff across the board, with the Dow Jones Industrial average plunging 243 points, its worst one-day drop since June. Joining DuPont in missing analysts' expectations for revenue were 3M, United Parcel Service and Xerox, among others.

Adding to the bleak economic news was a report from the Federal Reserve Bank of Richmond, Virginia, showing that manufacturing "pulled back" in the central Atlantic region in October, an indication that manufacturers are growing less optimistic about the economy.

Company sales for DuPont, which also makes Kevlar bulletproof fiber and Corian countertops, dropped 9 percent in the third quarter to \$7.4 billion, lower than analysts' average projections of \$8.15 billion. The chemical giant posted net income of \$10 million, or a penny per share, down sharply compared with \$452 million, or 48 cents per share, a year earlier.

DuPont CEO Ellen Kullman reported she had visited China two weeks ago and noted demand had been hit by economic and political uncertainty. Demand for the

company's products has fallen most sharply in Asia and Europe, hampered by higher prices for titanium dioxide and pastes used to make solar panels.

Many multinationals are struggling for sales in Europe, hit by the deepening recession, and sales in China and India are also slowing. The combined impact of these declines is impacting companies seeking to boost sales in other markets to offset weak consumer demand in the US.

"The recession in Europe is very real," said Bernard Schoenfeld of Bank of New York Mellon Wealth Management, quoted by AP. "It's not going to disappear very quickly, and it will certainly negatively affect earnings of exporters in the United States." Seeking to assure Wall Street investors, DuPont's Kullman said company executives were "addressing these challenges now to position ourselves for improved performance."

DuPont also issued a gloomy assessment of third-quarter earnings, noting that infrastructure projects in China had "stalled," sending shares in other chemical producers down sharply as well. Stocks for one producer of titanium dioxide, Tronox Ltd., were down 8.2 percent in midafternoon trading Tuesday.

A restructuring plan at DuPont is aimed at generating cost savings of about \$450 million this year. The jobs cuts announced Tuesday will take place over the next 12 to 18 months, trimming 1,500 employees from a workforce that totaled 70,000 at the end of 2011. The company took a one-time charge of \$242 million for severance pay for the sacked employees.

In addition to DuPont's lower-than-expected earnings, the layoffs are also connected to the August sale of its poorly performing car paint business to investment firm Carlyle Group for \$4.9 billion. Carlyle does not need some of the legal, human resource and other support staff previously employed by DuPont to manage its car paint operations.



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