Del Monte Foods to close plants in Illinois and Minnesota

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In the latest attack on jobs, Del Monte Foods announced last Thursday that they will be closing two plants in Illinois and Minnesota, laying off at least 800 workers. Additionally, the company will sell plants in Wisconsin and Texas calling into question the employment status of another 700 workers.

In 2013, San Francisco-based Del Monte Foods, which was being held by a private equity firm, was bought out in a $1.6 billion takeover by Del Monte Pacific, a transnational corporation based in the Philippines.

Del Monte Foods claims that the closing is due to changing market circumstances and a fall in demand for their products. A representative from the company specifically stated that, "Tariffs did not factor into this decision. The decision was made in order to align production with current consumer demand."

Still, the closing of the plant is likely at least partly due to tariffs imposed by the Trump administration. In June, Del Monte Pacific CFO Parag Sachdeva stated that the company is seeing an increase in costs due to "rising metal packaging prices and impact of tariffs imposed by the U.S. government."

The Trump administration has imposed tariffs of 25 percent on imported steel and 10 percent on aluminum. Both materials are used in the production of cans in Del Monte plants.

In a statement after the closings were announced Del Monte said that the shutdowns are part of an "asset-light strategy" to cut costs and increase profits. In the past two years Del Monte also closed plants in Arkansas, North Carolina, Indiana and California, eliminating upwards of 400 jobs.

The plant in Sleepy Eye, Minnesota, was first opened in 1930 and packages corn and peas from over 300 different farms. With a town population of just 3,600, the 363 workers to lose their jobs is equivalent to about 10 percent of the total. The mayor of Sleepy Eye, Wayne Pelzel, claims he was not given any information about the closing and was taken by surprise. "The closing of Del Monte will have a tremendous impact on the community… [the closing] will have an impact on the school, on housing, on just a whole ton of things in the community," Pelzel said.

The Mendota, Illinois, closing has a similar story. The plant employs just over 650 workers in a town of about 7,000. Opened in 1949 the plant will be completely closed by June 2020. The per capita income in Mendota is just $21,995 with 12.3 percent of the population living under the poverty level.

In both the Illinois and Minnesota plants most of the layoffs will come this October after the packaging for the current crop season is completed. Then hundreds of workers in the small towns will be left to scramble for limited jobs in the rural areas.

The majority of the workers in the Del Monte plants are not officially full time but hired on a seasonal basis after the crops are harvested to meet the packaging deadlines. Then many of the same workers are rehired as the new season rolls around and the need for labor returns.

The pay of a Del Monte packaging worker is around $9 to $15 an hour. Meanwhile, the CEO of Del Monte Pacific, Joselito Campos, is a member of one of the Philippines' richest families whose collective net worth is well over $700 million.

The closings of the plants will have a devastating effect on the small towns' economies. Not only will the hundreds of plant workers lose their jobs but others who do business with Del Monte, like truck drivers and farmers, will lose a large buyer of their services and crops.

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