Telecoms Firm Alcatel-Lucent to Cut 10,000 Jobs

Associated Press

Paris (AP) — Telecommunications equipment maker Alcatel-Lucent SA said Tuesday that it plans to cut 10,000 jobs worldwide over the next two years, the latest cost-cutting drive from the loss-making company.

The job cuts are part of a restructuring plan to make the French-American company more competitive. The plan is to reduce fixed costs by cutting 1 billion euros ($1.36 billion), or about 15 percent, by the end of 2015. Under the plan, the company will reallocate research investment to next-generation technology and cut investment in older technology.

The company has struggled since its inception in 2006, when France's Alcatel and the U.S.'s Lucent merged. The savings anticipated by combining research and development costs and reducing staff were quickly offset by pressure to lower prices amid increasing competition from the likes of China's Huawei Technologies Co. and Ericsson AB of Sweden. Last year, the company lost 1.37 billion euros ($1.86 billion), and a new chief executive took over earlier this year.

Alcatel said the job cuts would be presented to its European works council on Tuesday. The cuts will come from all of the regions in which the company operates: 4,100 positions will be cut in its Europe, Middle East and Africa region, 3,800 in the Asia-Pacific zone and 2,100 in the Americas.

In a sign that the layoffs will likely face stiff resistance, especially in Europe, elected officials from western France, the site of an Alcatel-Lucent plant, urged the company to abandon the restructuring plan. The officials said in a statement that they feared the local plant would be closed and accused the company of reneging on promises to keep it open.

Investors appeared at first glance to be backing the plan. The company's share price was trading 1.5 percent higher in morning trading in Paris.

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