

300–400 jobs axed at ‘challenged’ Danish Crown

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Danish Crown, the parent of UK pork processor Tulip, is to axe between 300–400 staff as part of plans to bring costs in line with its budget.

The latest blow to the company followed the loss of 150 Tulip jobs in the UK last November, as part of a DKK200m (£25.75m) cost savings programme initiated by Danish Crown for the current financial year.



Under the new plans, a group-wide cost saving programme of DKK350m (£41m) was set.

Danish Crown told *Food Manufacture* it was unable to confirm how many jobs in the UK would be affected by the latest cuts.

Plans that affected Tulip were still *“being considered and would be subject to appropriate employee consultation”*, it added.

Danish Crown chief executive Jais Valeur said there was a *“fundamental challenge”* that costs in Denmark were significantly higher than in the countries in which it competed.

‘Badly affected’ by UK problems

Having previously claimed that the group was *“badly affected”* by the problems in the UK market, Valeur said in his latest statement that *“things are moving in the right direction”*, after several important contract wins.

“However, this does not change the fact that our costs are still too high, so further reductions are being considered as part of a comprehensive programme to improve operational efficiencies at Tulip,” Valeur said.

“We’re implementing measures now to keep us on track to achieve the budgeted profit for the year. Unfortunately, this means that we’re having to cut between 300 and 400 jobs across the group.”

“We’re maintaining the hiring freeze initiated in November 2018, as well as a freeze on the use of consultants for the time being and, while investment in the business continues, we are in the process of identifying projects that could be postponed.”

Valeur said Tulip’s Denmark business was also being hit by *“fierce competition”* in the Danish retail sector, and earnings in the group’s largest business area, Danish Crown Pork, were not living up to expectations.

However, recently acquired companies in Denmark, Poland and the Netherlands were all performing above expectations, he added.

'We don't have the competitiveness'

"Right now, we don't have the competitiveness that we're striving to achieve compared to the EU index," Valeur said.

"This is primarily due to the particular challenges we're facing in the UK – but the tough battle for pigs in Germany, and the advance of the Spanish abattoirs is not helping either.

"At the same time, we are faced with the fundamental challenge that costs in Denmark are significantly higher than in the countries we compete with. Therefore, all parts of our business must deliver to ensure competitive prices for our owners."

Danish Crown still expects the settlement prices for the animals supplied by its owners to increase during the spring, but Valeur said it was very difficult to say when the market would turn.

Prices for fresh pork in Europe are currently being held back by concerns about the spread of African swine fever, primarily in France.

As a result, Valeur said all the abattoirs in central Europe were selling all their meat fresh, while also clearing their stocks at a time of year when they would normally be building them up.

Danish Crown employs 29,000 people globally, 7,000 of whom are in the UK.

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