NC Chicken Plants Closing, Over 1,000 Losing Jobs

RALEIGH, N.C. (AP) — All North Carolina operations of a chicken processor bought out of bankruptcy earlier this year are closing, leaving more than 1,000 people jobless.

The closure of the Townsends plants in Siler City and Mocksville also ends contracts with about 200 chicken farmers in four counties, the News & Observer of Raleigh reported Saturday.

Ukrainian billionaire Oleg Bakhmatyuk bought Townsends' North Carolina assets out of bankruptcy in February for $25 million. Officials for the U.S. shell corporation he created, Omtron, hoped to turn a profit through cost-cutting and exporting dark meat, which brings higher prices outside the United States. The company spent millions upgrading the North Carolina facilities.

But the 36-year-old billionaire decided this week to shut down operations and take his losses.

In a letter to state officials, Omtron wrote that the Mocksville plant will close by Oct. 4. Similar timing is expected for Siler City.

"He just didn't like the environment in this country and the lack of discipline that the poultry industry had," David Purtle, a former Tyson Foods executive hired to be Omtron's CEO, told the Raleigh newspaper, adding that he was surprised by the move.

The company employs about 550 people at its Siler City operations, which includes two feed mills and a hatchery, and 476 people in Mocksville.

That's in addition to the 145 people Omtron laid off in Siler City in May. At the time, the company said it was determined to make the operation competitive.

Roughly 200 of the Mocksville workers had been hired within the last three months.

"Everybody is as surprised as we are," said Siler City Mayor Charles Johnson. "It filters down to everything. We sell about $5 million of water a year to them. That's a big loss to our city government."

Townsends has contracts with chicken farmers in Chatham, Moore, Randolph and Harnett counties. In May, Omtron boasted that maintaining those contracts meant a $35 million boost to the state's economy.

Farmers who had borrowed money to build chicken houses based on those contracts probably still owe between $250,000 and $400,000, said Dan Campeau, a poultry agent with the N.C. Cooperative Extension Service.

The U.S. poultry industry is struggling as the cost of corn, the main ingredient in chicken feed, has doubled over the last year. Prices are expected to continue to climb due to the drought in the Midwest and the federal government subsidizing farmers to grow corn for ethanol.

The industry is based on corn costing $3 to $5 per bushel, but it's nearly $7 a bushel now, Campeau said.

"When it starts getting above $5 a bushel with corn they really can't make money," he said, adding he's not surprised Bakhmatyuk called it quits. "They're just treading water."

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