Smithfield Foods To Begin Layoffs At VA Plant

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RICHMOND, Va. (AP) — Smithfield Foods Inc. said Wednesday that it will begin its previously announced shutdown of a Virginia facility that makes hot dogs and deli meat.

The Smithfield, Va.-based company said layoffs will start at the Portsmouth plant in January and it will close at the end of March. The first layoffs at the Smithfield Packing Co. facility will involve about 120 workers, with more than 400 workers affected by the time plant is closed, said Jeff Gough, Smithfield's senior vice president for human resources. Employees have been offered transfer opportunities.

Smithfield Foods, the world's biggest pork producer, announced plans last November to close the plant in 2013 and shift production to a facility in Kinston, N.C. At the time, the company said it was closing the plant, built in the 1970s, because it cannot support the manufacturing technology changes and product development necessary to meet the company's needs.

Smithfield will bring a new $80 million state-of-the-art hot dog plant online in its fiscal fourth quarter next spring.

The company, whose brands include Armour, Farmland and its namesake, has seen its share of the market for deli meats, bacon, sausage and hot dogs grow in recent quarters as it boosted marketing and promotional spending.

Discussing those results with investors, CEO C. Larry Pope said recent gains have given Smithfield "a lot of comfort that this packaged-meats business is where we want it to go. ... I think there's more good to come here, and we are extremely pleased about that."

In September, Smithfield said lower profit margins on fresh pork and higher selling costs drove down its first-quarter profit by about 25 percent, despite gains for packaged meats.

Pork producers are caught in a tug-of-war with consumers. They need to hike prices to offset rising costs, mainly for the corn used for feed, while consumers remain sensitive to higher prices. So Smithfield risks losing sales if consumers cut back or buy other meats, like chicken.

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