

Sweden's Volvo Group has cancelled plans to lay off 600 employees after striking a deal with Swedish unions to reduce their working hours instead, the company said in a statement Friday.□



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The Swedish company, which makes trucks, buses and construction equipment, issued a notice to just over 1,500 employees on April 22, saying they would lose their jobs owing to the collapse in global demand for its products.

But after negotiations with union officials, 600 jobs will be saved in the company's Volvo Powertrain division, which produces engines and gearboxes.

Under the agreement with IF Metall, the Swedish metal workers union, hours will instead be reduced by 20 percent and pay cut by a maximum of 8.0 percent for the period from June 1, 2009 to March 31, 2010.

A Volvo Group spokesman said employees normally work around 37 hours a week on average.

"The agreements on shortening of work hours are extremely important for us since it is then possible to retain expertise in the company despite the highly substantial reduction in demand," said Peter Karlsten, president of the Volvo Powertrain, in a statement.

"As a result of this solution, we are better prepared when the market turns upward again," he added.

600 Volvo jobs saved in Sweden

Written by AFP / The Swedish Wire

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The company has also promised that no further layoff notices will be served on Volvo Powertrain workers until the end of March 2010, the statement said.