

Caterpillar axing 2,500 workers

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Caterpillar, the world's largest construction and mining equipment maker, says it will permanently cut 2,500 jobs in the US.

But the news comes even as signs of economic recovery have allowed it to rehire 550 workers it had previously laid off.

The company has cut about 34,000 full-time and contracted workers globally during the downturn.

Caterpillar shares were 2% higher in New York, before turning lower.

Hiring and firing

The 2,500 staff who are losing their jobs had previously been laid off, but will now be offered severance packages.

The company has started to notify the affected employees.

"It's important to remember that we are not close to the record-breaking demand we experienced from 2004 to 2008," chief Jim Owens said.

Last week, Caterpillar reported a stronger-than-expected profit of \$404m (£245m) for the third quarter, still down 54% from a year earlier.

The company predicted that sales next year would rise by 10-25%.

<http://news.bbc.co.uk/2/hi/business/8326545.stm>