Nokia to cut 10,000 jobs by end of 2013

The Associated Press

Nokia Corp. will lay off 10,000 jobs globally and close plants by the end of 2013, the company said Thursday, in a further drive to save costs.

The cuts mean that it will close some research and development projects, including in Ulm, Germany, and Burnaby, Canada.

The Finnish cellphone maker said it will also close the manufacturing plant in Salo, but will keep its research and development operations there.

Nokia is fighting fierce competition from Apple Inc.'s iPhone and other makers using Google Inc.'s popular Android software, including Samsung Electronics Co. and HTC of Taiwan. It is also being squeezed in the low-end by Asian manufacturers making cheaper phones, such as China's ZTE.

Although it plans "to significantly reduce its operating expenses," Nokia says it will focus on smartphones and feature phones and intends to expand location-based services.

Nokia also said that "competitive industry dynamics" in the second quarter would hit its smartphone sector to a "somewhat greater extent than previously expected" and that no improvement was expected in the third quarter.

"Nokia is significantly increasing its cost reduction target for devices and services in support of the streamlined strategy announced today," said CFO Timo Ihamuotila. "With these planned actions, we believe our devices (and) services business has a clear path to profitability. Nokia intends to maintain its strong financial position while proceeding aggressively with actions aimed at creating shareholder value."

Last year, Nokia announced more than 10,000 layoffs, aimed at cutting operating expenses by €1 billion ($1.31 billion) by 2013.

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