

Serbia mining: McKinsey analysis show copper company Bor needs cash injection

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Regardless of the results of “McKinsey” study on MSB “Bor” being kept secret by state officials, some details are clear already now. By all odds, the company will undergo personnel changes, before any others. Yesterday, in his statement for Tanjug, the Minister of Economy, Željko Sertić, emphasized himself that the experts of this American consulting firm “confirmed our fear that a change was necessary in terms of company and technological processes management”.

Ljubiša Miljković, President of Serbian Miners’ Union, who had gained insight into the diagnostic study of “McKinsey”, also confirmed this for the “Politics” yesterday. According to him, this analysis has indicated towards several main issues: the lack of fresh capital, bad management and excess administration.

- When it comes to the finances, the experts from this consulting firm have emphasized that it is necessary to pump 45 to 50 million dollars of fresh capital into the MSB “Bor” so that it could function in these circumstances and under unchanged market conditions - Miljković says.

The bad situation is not due only to the low price of copper, but also to bad company management, more precisely, the subjective factor, Miljković adds.

Otherwise, the head of the company is Blagoje Spaskovski (68), who has been hired as the manager while being a pensioner. However, according to the claims of trade unionists, he is not the only pensioner holding a managerial position in this company.

Miljković says that the experts from “McKinsey” have indicated that the new smeltery is not utilized to a sufficient extent and that it is generating losses, despite the investments exceeding 300 million euros.

Miljković also emphasizes that the diagnostic study has also shown that MSB “Bor” does not comply with occupational health and safety standards and that severe worker injuries are frequent because of this, some of them having been even lethal.

According to our unofficial information, there is also surplus manpower in the company, so it is estimated that there are 1,500 to 2,000 surplus workers in the administration. According to the announcements of the company's general manager, Blagoje Spaskovski, 800 to 900 workers should leave the company by the end of this month. Otherwise, "Bor" currently employs around 5.000 workers.

The fate of the giant from Bor should be resolved by 31st May, and the Prime Minister Aleksandar Vučić has marked MSB "Bor" as the number one problem of Serbian economy. According to the agreement with the International Monetary Fund, the so-called "clean" solutions are envisaged for state-owned companies: sale or bankruptcy. Two nights ago, appearing on Happy TV, Prime Minister emphasized that, when it came to "Bor", we also needed the support of the World Bank. The question arises whether the international financial institutions will approve the re-pumping of fresh capital into MSB "Bor", the debts of which exceed one billion euros. Our sources say that there are those who are interested in this company and that the potential investor comes from China. However, it is questionable, just as in the case of the "Ironworks Smederevo", what the attitude of Brussels will be towards an investor coming from this state which subsidizes its producers to a large extent.

According to the Minister of Economy, Željko Sertić, after presenting the study on MSB "Bor", "McKinsey" assessed that this company had serious prospects. In the next two weeks, a detailed plan should be defined by which the MSB "Bor" could be "pulled together" and operate according to market principles, Sertić said for Tanjug.

Despite the price of copper on the world market being low, positive news comes from the London Stock Exchange, because the price of copper has been growing in the last few weeks and, yesterday, it amounted to 5.079 dollars per ton. Minister Sertić also commented that this was a good step forward. He said that it worked in our favor that a slight increase in the price of copper on the world market could be expected. He added that, in this way, the company could operate under market principles within a period of one year to year and a half.

According to him, "McKinsey" has confirmed that a change must also happen when it comes to the way the technological processes are carried out and in related processes in general - from procurement to sale. Yesterday, Serbian Prime Minister, Aleksandar Vučić, asserted that, on the basis of the "McKinsey" study, he could say that "Bor" had a future.

"Everyone should know that the MSB will survive, this is a large and important company for our country, almost entire east Serbia earns its living through this company and we will take this into account and we have the opportunity for this according to what I have seen and what I could hear from our friends, from "McKinsey", Vučić said, transmits Serbia-energy.eu