

Ford to close largest UK plant in Dagenham

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US auto giant Ford announced on Friday, May 12 that it would end car production at its biggest UK plant, Dagenham, with the loss of 1,900 jobs. The losses are on top of 1,350 job cuts at the plant announced earlier this year. Production is to end by early 2002.

The decision ends almost 70 years of car production in Britain by Ford. Nick Scheele, chairman of Ford Europe, said the closure was part of a "radical restructuring" of the company's European operations, which lost \$55 million last year. The company's European workforce numbers approximately 105,000—mainly in Britain, Germany, Spain and Belgium. Its factories on the continent have the capacity to produce 2.25 million vehicles, but Ford sold just 1.65 million during the last year. Ford has also cut 4,000 jobs in Germany and Belgium in the past 18 months. On May 12 it announced the closure or sale of production facilities in Portugal, Poland and at Minsk in Belarus.

Dagenham employs nearly 8,000 of the auto company's 30,000 British workforce. It builds the Fiesta car and Courier vans—and is capable of producing just over 250,000 cars a year (exactly the over-capacity identified by Ford), but has been producing just 191,000 last year.

Ford said that it was moving production of the Fiesta to its Cologne factory, where a second assembly line would enable it to switch to other models quickly.

The decision comes against the background of a general crisis of over-capacity in Europe's auto production. Estimated installed capacity is at 21 million cars per annum, but production in Western Europe has stagnated at about 14.4 million cars annually.

Ford has been particularly keen to recover lost sales in Germany—the continent's largest car market. It has announced that it will set up a 50:50 joint venture with Getrag, the German manual transmission manufacturer, and is looking at another joint venture for forging and

die casting operations in Cologne. Scheele said that he could not rule out further restructuring in Europe, however. The company's plant at Genk, Belgium is thought to be vulnerable.

Dagenham's future had been in doubt for some time. Despite productivity been pushed up to 62 cars per worker in 1997, productivity time per Fiesta still takes six hours longer in Dagenham than Cologne. The plant was hit by a series of wildcat strikes in recent years.

Ford said it would offer the most "generous" redundancy packages in the history of the UK to get the closure through in an orderly fashion. It also promised that it would eventually create 500 new jobs at its engine manufacturing operation, also at Dagenham, which it would turn into Ford's "global centre" for the production of diesel engines.

The unions complained that they had done everything to revive Ford's fortunes, after being told two years ago there would be renewed investment in the assembly plant. Last year the unions collaborated in closing Ford's Liverpool Halewood plant for production, in return for Dagenham's future.

The Blair government attempted to put a brave face on Ford's announcement, which came just three days after the Rover plant at Longbridge was saved from closure by the Phoenix consortium's £10 purchase of the loss-maker from BMW. Trade and Industry Secretary Stephen Byers said that the planned engine investment showed that, "Ford will remain committed to the United Kingdom and we will still have Ford as a major employer in this country."



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