

Germany: Nokia announces closure of its Bochum factory

The fight to defend jobs needs an international strategy

Dietmar Henning
21 January 2008

On January 15, the world's largest mobile phone manufacturer, Nokia, announced it was closing its factory in Bochum, Germany, later this year. Altogether, some 4,300 workers are threatened with losing their jobs. The Bochum works is the second largest industrial employer in this Ruhr-area city, after motor manufacturer Opel.

In addition to the 2,300 workers employed directly by Nokia, another 1,000 temporary workers will be affected. A further 1,000 working in firms supplying the Nokia factory and 200 employed by the German Post Office subsidiary DHL, responsible for the shipment of the finished mobile phones, must also fear the loss of their jobs.

"The location is not competitive internationally," is how Veli Sundbäck, who heads Nokia Germany's supervisory board, justified the decision. Production is to be shifted to other European plants in Finland and Hungary, but above all to the new factory in the Romanian city of Cluj, where manufacturing has already started.

Sundbäck stated that although "labour costs [in Germany] constituted less than 5 percent of production costs," they are still 10 times higher than in Romania.

The background to this move is Nokia's decision to base its production on so-called "industrial villages." The price of mobile phones has fallen radically over the last few years, and Nokia wants to develop its production where the preliminary products used to make the phones are located. Nokia's German suppliers claim that their own labour costs are far higher than Nokia's, and that they cannot keep up with the low prices in Germany forced upon them by Nokia.

"The market is changing rapidly and Nokia has to keep a constant watch on its production locations," Sundbäck said. Several suppliers saw no possibility in relocating to Bochum because of the high costs. In Cluj, in Romania, Nokia has already established close cooperation with its suppliers in an "industrial village."

So far, Nokia has tried to compensate for falling profit rates in the mobile phone business by expanding its production. In the third quarter of 2007, Nokia produced 112 million mobile phones, as many as its competitors Motorola, Samsung and Sony Ericsson produced together. This corresponds roughly to a 38 percent share of the world market, giving Nokia a record turnover and profits in the same quarter. Turnover climbed to €12.9 billion, 28 percent higher than in the same period last year, with net profits amounting to €1.56 billion.

The stock exchange reacted to Nokia's announcement to close its Bochum works with a rise of more than 1 percent in the company's share price.

The decision by Nokia means there will no longer be any manufacture of mobile phones in Germany. Over one year ago, the

bankruptcy of BenQ, the mobile phone arm of German electronics giant Siemens, cost approximately 3,000 workers their jobs. Last year, Motorola shifted its UMTS production from Flensburg to China and closed its logistics centre, again at a cost of more than 3,000 jobs.

Politicians and trade union leaders are now trying to use the fact that Nokia received extensive public funds in order to divert attention away from the effects of their own policies and to divide up the Nokia workforce along national lines.

The state premier of North Rhine-Westphalia, Jürgen Rüttgers (Christian Democratic Union, CDU), immediately hurried to Bochum, where he expressed his outrage with Nokia and promised to support the workers. Nokia should ask itself whether the workers in Romania were just as punctual and reliable as those in Bochum, Rüttgers said. He also accused Nokia of being a "subsidy locust."

Nokia, which has had a production facility in Bochum since the end of the 1980s, received approximately €60 million in subsidies from North Rhine-Westphalia between 1995 and 1999. Between 1998 and 2007, the company received a further €28 million in "research funds" from the federal government.

The North Rhine-Westphalia economics minister, Christa Thoben (CDU), has said she wants to examine whether Nokia can be forced to repay some €17 million in state aid that the company received in 1999, on the basis it would guarantee that at least 2,856 jobs remained in Bochum until September 2006.

The ministry is now claiming that the number of jobs probably fell below this level before the end of the period. This is a sham. It is a manoeuvre to distract attention from the fact that the company has received millions in taxpayers' money for years.

Thoben and Rüttgers are now attacking Romania and Hungary for advocating the very same policies that all German politicians have followed for years. The building of Nokia's new plant in Romania has been undertaken with millions of euros of public money—in this case from the European Union, stressed Rüttgers, who also accused the Hungarian government of providing high-tech subsidies worth 50 percent.

The IG Metall union and the works council (*betriebsrat*—joint union-management committee) are preparing to play the same role as they did more than a year ago in the closure of mobile phone production at BenQ in Kamp Lintfort.

An attentive observer will soon see they are now singing the same tune: in the first verse, all loudly intone their indignation. IG Metall's leading representative, Ulrike Kleinebrahm, who is also a member of the Nokia Germany supervisory board, speaks about a "disaster for

Bochum,” going on to say that it is incomprehensible that an enterprise that makes so much money here should leave this location.

Works council chair Gisela Achenbach called Nokia’s plans “ice cold.”

Guntram Schneider, who chairs the DGB (German Union Federation) in North Rhine-Westphalia, said, “It not only makes no economic sense, but it is also socially irresponsible to sacrifice the jobs at Nokia to a global corporate strategy.”

The IG Metall district secretary for North Rhine-Westphalia, Oliver Burkhard, accused the Nokia management of putting its “lust for profits before people.” He called it “unreserved swinishness” and a “blow in the face for people who daily carry out good work in Bochum.”

This mock lament by the works council and union functionaries is a direct product of their cowardly subordination to the existing capitalist order and their opportunist politics. Under no circumstances do they want to lead a principled struggle against the profit system, and for years have offered themselves to management as mediators who are always willing to help implement new concessions in the form of welfare cuts and worse working conditions.

In this way, in 2001, Nokia was already able to shift parts of its production at Bochum to Hungary and the Far East. At that time, some 340 of 3,000 jobs were cut with the blessing of the works council. “We were the champions of new shift working models and could have made it happen,” said one works council member. According to Nokia employees, staff sometimes had to work 13 days in a row.

Last summer, it became known that Albecon was providing temporary workers for Nokia under particularly poor conditions. These temporary staff were employed full-time, but were only given contracts for 110 or 60 hours a month, whereas 152 hours a month are normal for a full-time worker. Instead of the already low €1,120 monthly salary, temporary workers got only €442. Nokia employed around 1,000 such workers in Bochum.

All this has long been known to the unions and the works council, who did nothing about it.

Nokia workers should not place any faith in statements by IG Metall that it now wants to fight to preserve jobs. It may hold demonstrations, call for solidarity and protest vigils and perhaps even organise a strike; but all this is only from the standpoint of a humble petitioner of the company, requesting the setting up of a “social plan” or a “job creation company” to make the dismissals “socially acceptable.” It is no accident that IG Metall and the works council are represented on the Nokia Germany supervisory board. They are the lackeys of management and thus a component of the united front that confronts Nokia workers.

A serious and principled struggle to defend jobs requires a political break with the opportunist politics of “social partnership” as practiced by management, unions and works councils.

When the Bochum workers heard on Tuesday of last week on the radio that their plant was closing, there was a wave of anger and indignation. But when on Wednesday, they spontaneously took strike action and organised a demonstration outside the factory gates, which was also supported by many workers from other Bochum factories, the works council and IG Metall warned against taking “hasty action” and ensured that work recommenced the following day. The next day, Nokia management, aided by security guards, prevented thousands of temporary workers from entering the factory. The reaction of the unions and works council—zero.

The same sell-out as at BenQ in Kamp Lintfort is being prepared.

On Friday of last week, economics minister Thoben, representatives from the IG Metall as well as from the Bochum city legislature were all talking about the need for “social plans” for the workforce, the establishment of a “transitional company” and possible financial assistance from the state government. The struggle at BenQ was strangled in exactly the same way.

After one year, more than half of the 1,756 BenQ workers at Kamp Lintfort who went into such a “transitional company” to supposedly gain new qualifications still have no job.

Like the BenQ workforce, many of those at Nokia have been with the company for years and decades, and some are married couples who both face the loss of their jobs. The Nokia staff also include some former BenQ workers, who now confront the entire drama a second time in less than 18 months.

To defend their jobs, Nokia workers must draw the lessons from the closure of the BenQ work at Kamp Lintfort and take the struggle into their own hands. If it stays under the control of the IG Metall functionaries, it is doomed to failure.

It is necessary to establish Committees of Action, independent of the trade unions, which can revive the traditions of the Workers Committees and organise action outside the factory and across the state. Nokia employees, including their colleagues employed as temporary workers, must develop links to workers at the company’s other locations.

Beside Finland, Romania and Hungary, Nokia also has production locations in Britain, South Korea, China, India, Mexico and Brazil. It is the workers there who are the allies of those in Bochum, not the state government, the Social Democratic Party, the trade unions or the works council.

At the same time, these Committees of Action must discuss the need for an international strategy that places the needs of those employed by Nokia at every location higher than the profit interests of company. It is only on such a basis that jobs can be defended.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact