Several thousand layoffs imminent at German press manufacturer Manroland

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7 January 2012

Over the past several weeks an official bankruptcy administrator, Werner Schneider, has been conducting negotiations with prospective buyers about the future of German printing press manufacturer Manroland. At stake are thousands of jobs, wage cuts and attacks on social benefits. Representatives of IG Metall, Germany's largest trade union, are taking part in all of these meetings and offering their advice to the liquidator.

At the same time, IG Metall has refused to make any information on the talks available to its members and employees at the company. Workers were initially taken by surprise at the end of November when the union suddenly announced it had agreed with the management about the company's bankruptcy.

On Wednesday the office of the liquidator announced that the "rescue" of the bankrupt printing press manufacturer was close at hand. There are now reportedly "serious expressions of interest" in the company's three sites in Augsburg, Offenbach and Plauen. However, no agreement had been signed, Schneider declared.

His statement makes clear that Manroland, the world's second largest maker of printing presses, will be broken up. The Plauen site in Saxony, where the company's services business is concentrated, will probably be shut, a spokesman for Schneider said. The closure of the facility in a region already plagued by high unemployment would have a devastating impact.

The other sites are provisionally to remain open, but reduced in size. Schneider told a local newspaper that the sale of the newspaper press production plant in Augsburg was making good progress.

According to the newspaper report, the prospective customer for the plant is a respected "industrial investor from Germany". However, China's Shanghai Electric company has also expressed interest in the Augsburg operation.

The actual bankruptcy proceedings are due to begin February 1. From that date onward the liquidator is obligated to pay the wages of the company's 6,500 employees, whose salaries have been covered during the recent period by the German government's Labour Agency. This is why Schneider is intent on determining the level of redundancies this month, as the news agency Reuters noted based on well-informed business sources.

Augsburg, with its 2,400 employees, would be most adversely affected. In the event of the company being broken up, its administrative department would no longer be required. In the case of bankruptcies as big as Manroland "no more than two-thirds of the jobs are usually saved", Reuters writes. This means that parallel to the sell-off of the company, negotiations are already under way about the layoff of more than 2,000 employees.

While IG Metall functionaries and the union's works councils are already drawing up lists of affected departments and employees, they are also doing all they can to maintain current levels of production. According to IG Metall, production has to be maintained in full up to the day the factory is closed. None of the company's current orders has been cancelled, Schneider stressed on Wednesday, acknowledging the positive role played by the unions and works councils in the bankruptcy proceedings.

The suggestion by Schneider that Shanghai Electric has a serious interest in the Augsburg plant and the local production of large web offset facilities is fraudulent and has been supported by IG Metall, although the union knows better. Since the takeover of US manufacturer of web offset printing presses Goss

International by Shanghai Electric in May 2010, Goss and Manroland have been locked in a fierce international competition.

Shanghai Electric is primarily interested in eliminating Goss's competitors and taking over their share of the market. In addition, the Chinese firm would certainly like to incorporate Manroland's spare parts and service business, as a platform for its penetration of Europe. Shanghai Electric is also interested in putting a stop to the price-cutting that currently exists on the printing press market by tendering a bid and subsequently closing the German plant.

Manroland—with guarantees from the liquidator—is now offering prices up to 30 percent below the current market prices. A machine that half a year ago still cost €6 million was offered by Manroland before Christmas at a tender in China for the price of €4.5 million. In the past few days, the management of Goss-Shanghai Electric has been specifically instructed to aggressively counter all projects and bids by Manroland to cut the ground out from under the latter company.

As possible investors, Shanghai Electric and Goss also have no interest in providing long-term job security and decent wages and benefits to workers in Germany. Every investor will seek to implement massive job cuts. The cost of redundancy payments will be drawn from public funds, i.e., from taxpayers.

IG Metall is also advising the insolvency administrator on this issue. The union has called for a January 13 protest rally in central Munich. The purpose of the rally is to allow Manroland employees to harmlessly let off steam, while exerting pressure on the local authorities to use public funds to finance a redundancy plan.