Global layoffs hit workers at GM, Nokia and Pepsico

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A week after American Airlines announced 13,000 job cuts in the US, a new round of mass layoffs is hitting workers in the auto, food and mobile phone industries around the world.

Many of the job cuts target workers in Europe, where the economic crisis is being used by the multinational corporations to carry out long sought after attacks on the living standards and workplace protections of workers.

According to the *Wall Street Journal*, General Motors, which is expected next week to announce $8 billion in profits for 2011, is threatening to close two plants in its European Opel and Vauxhall divisions. There are 3,100 workers at the factory in Bochum, Germany, and another 2,100 at the Ellesmere Port plant, near Liverpool, England.

GM had initially planned to sell off Opel in 2009 but instead announced a plan to wipe out 8,300 jobs across Europe, including closing its Antwerp, Belgium factory. Having attained historic wage and benefit cuts during Obama's restructuring of the US auto industry, GM management is anxious to extract similar concessions from German and British workers.

"There is increasing frustration with Opel and a feeling the cuts two years ago did not go nearly deep enough," the *Wall Street Journal* quotes an unnamed GM official as saying. "If Opel is going to get fixed, it is going to get fixed now and cuts are going to be deep."

The official told the newspaper that GM's patience is running out and revealed that, in addition to GM Europe's $580 million worth of losses in the first nine months of 2011, fourth-quarter losses were "horrendous."

GM is reportedly discussing with the IG Metall union the possibility of moving some production to Germany from Korea, to offset job losses, the *Journal* reported. In the US, the United Auto Workers accepted deep concessions in order to entice GM to bring some production back from China and Mexico, and thereby bolster the falling dues income of the labor apparatus.

"The new management team has a productive relationship with the union and we are both committed to solving the challenges that confront the company together," GM spokesman Selim Bingol said of IG Metall.

As part of its plans to attack European workers, GM is bringing in a host of executives and union bureaucrats with experience in slashing the jobs and living standards of GM workers in the US. This includes UAW President Bob King, who was praised by Wall Street for accepting labor agreements last year that include the lowest increase in labor costs in four decades.

According to the *Journal*, GM Chief Executive Dan Akerson has dispatched four senior executives to serve on Opel's supervisory board: Vice Chairman Steve Girsky (who has close connections to the UAW), finance chief Dan Ammann, product chief Mary Barra and international operations chief Tim Lee.

"Meantime, United Auto Workers union President Bob King will be in the middle of the talks if, as expected, he joins the Opel supervisory board, according to people familiar with the matter," the *Journal* writes. "Mr. King has sought to become more influential in the global labor scene. He has taken several trips abroad and talked publicly about the importance of working with other unions globally."

Car sales in Europe were down 15 percent in 2011, to 12.8 million vehicles, compared with 2007, with analysts expecting sales in Western Europe to decline another 5.9 percent in 2012, to 12.05 million cars and trucks, in 2012. With the assistance of the unions, the auto companies are seeking to bring the US model to Europe: maximizing per vehicle profits—through huge cuts in labor costs—in order to lower the break-even point and generate large profits, even in a contracting market.

Japanese automaker Mitsubishi, pointing to falling demand, announced earlier this week the closure of its only factory in Europe. The company said it would end production of the Colt compact car and the Outlander sports utility vehicle at its factory in Born, the Netherlands, by the end of 2012.

Starting in 1991, as a three-way joint venture between Mitsubishi, Volvo and the Dutch government, the Tokyo-based company took full control Netherlands Car BV, or NedCar, in 2001 after buying Volvo Cars' 50 percent stake. "Due to the wildly fluctuating operating environment which automobile manufacturers currently face," the company said it could not come up with a reasonable solution to use the plant. According to the BBC, Mitsubishi is offering to sell the factory for one euro "if the payroll of about 1,500 factory workers can be maintained."

One thousand workers blocked entrances to the plant this week, and unions have reportedly called a strike for today against the closure. The workers decided to go on strike to show they were not prepared to accept the decision "like lambs to the slaughter," Dutch broadcaster Nos reported. It added, however, that the unions wanted to find a suitable buyer for the plant.

In addition to the job cuts in the auto industry, Finnish cell phone manufacturer Nokia announced earlier this week that it would cut 4,000 jobs at plants in Hungary, Mexico and Finland, as it shuts down manufacturing operations in Europe and shifts to Asia. The layoffs, which will be completed by year's end, are part of more than 7,000 global layoffs announced by the mobile phone giant last month.

"They only told us they will let go a mix of people, from all departments," Veronika Szalai, a 27-year-old Nokia worker in Komarom, Hungary, told Reuters outside the factory near the Danube River on Wednesday. "Of course it upsets everyone. In this world a good living is hard to come by. We'll stay as long as we can, then we may get our severance checks... Then we'll see."

More than half of the 4,000 job cuts will be in Hungary. The impact will also hit neighboring Slovakia, from which about a third of Nokia workers commute. Nokia closed down a plant in Romania last year.

Adding to the bloodletting was PepsiCo, the world's second largest food conglomerate, which announced 8,700 global layoffs earlier this week. The company is highly profitable but claims the cost cutting—$1.5 billion by 2014 on top of $1.5 billion previously announced—is due to higher commodity costs.

The social misery inflicted on its workers, spread over 30 countries, will not be shared by its top executives, including Massimo d'Amore, the former CEO of PepsiCo's Global Beverages Group, who is retiring. According to the company's SEC filing, his retirement agreement states that d'Amore "will receive from the Company twenty-six (26) bi-weekly payments equal to $79,400 each, less applicable withholdings and according to normal payroll procedures."

In addition to this gross income of $2 million, PepsiCo previously disclosed that d'Amore had accumulated $3.4 million in retirement benefits and stock.