Opel and Vauxhall in Europe threatened with more job cuts

Our reporters
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There are growing indications that the European subsidiaries of General Motors at Opel and Vauxhall are facing a new round of layoffs and wage cuts. On February 11, BBC News quoted from a GM confidential document which stated that Opel had become a regional brand and needed to be massively reduced.

According to *Welt Online*: "When GM-strategists have their way, capacity in Europe will be run down, jobs cut, the currently limited range of models will not, as originally planned, be expanded significantly, and even the closure of one or two plants is no longer taboo." The report adds, "With much lower costs, it will be easier to earn money at last." The implementation of the concept would cost 1,600 jobs in addition to the thousands which have already been slashed in recent years.

According to a report in the *Wall Street Journal,* the number of planned layoffs is much higher. It reports that General Motors is threatening to shut down the Opel plant in Bochum and the Vauxhall plant in Ellesmere Port near Liverpool. The factory in Bochum currently employs 3,100 workers and Ellesmere Port 2,100.

In 2009, GM had sought to sell off Opel, but then decided against it. Instead, the company wiped out 8,300 jobs in Europe and closed its plant in Antwerp, Belgium.

In the US, the company is once again making profits after a drastic restructuring of the auto industry overseen by the Obama administration that dramatically reduced wages and benefits.

In Europe, GM continues to lose money. Therefore, GM management is intent on extorting concessions from European workers similar to those already imposed on their American counterparts. Passenger car sales in Europe have fallen by 15 percent to 12.8 million vehicles during the last four years. Analysts expect a further decline of 5.9 percent in sales (to 12.05 million cars and commercial vehicles) for 2012.

"The dissatisfaction with Opel is growing and many have the impression that the cuts made two years ago were completely inadequate," according to an unnamed GM representative cited in the *Wall Street Journal*. "If Opel is to go back on track, it must happen now, and the cuts will go deep." GM is losing patience. The company lost $580 million in Europe in the first nine months of 2011 and expects more "horrendous" figures for the fourth quarter.

Apparently, GM and the German IG Metall Trade Union are negotiating the possibility of further cuts in return for a deal whereby a part of the Chevrolet production in Korea is moved to Germany. The report is featured in both the *Wall Street Journal* and the *Financial Times Germany*. On February 12, the latter wrote under the headline "Horse-trading at Opel: I'll give you more orders, and you say yes to cuts. This statement sums up the haggling currently taking place between the US parent company and trade unionists."

It is the U.S which serves as the model for such a deal, whereby workers in Korea lose their jobs while their counterparts in Germany are forced to accept further concessions in their wages and working conditions. In America, the United Auto Workers (UAW) has made substantial concessions to GM in return for winning some production back from China and Mexico.

GM is confident that the German metalworkers' union, which has worked closely with the Opel management in the past, will be prepared to accept the type of additional far-reaching concessions agreed by the UAW. "The new management team maintains a productive working relationship with the union [IG Metall], and both have promised to work together to solve the challenges facing the company," declared GM spokesman Selim Bingol.

In this context, a further announcement that appeared in several newspapers last week is significant. In March, UAW President Bob King will move onto the board of Opel. The details of the move were negotiated with Wolfgang Schaefer-Klug who, at the beginning of the year, replaced Klaus Franz as the head of Opel's central works council.

This is bad news for the Opel workforce. King has played a key role in helping to restructure General Motors and Chrysler at the expense of the workforce. He has helped to impose pay cuts of up to 50 percent for new hires. The union was compensated with company shares, thereby guaranteeing union officials high returns despite a shrinking dues base from a reduced number of union members.

King is an outspoken opponent of industrial action. In a speech he gave in the summer of 2010 to a business meeting in Michigan, he proclaimed the "end of the UAW of the 20th century."

The UAW in the 21st century recognizes that "flexibility, innovation, lean manufacturing and permanent cost reductions are of the highest importance in the global marketplace," King told the assembled managers who applauded loudly.

The UAW of the 21st century no longer regarded the leadership of the company as its enemy but as partners in the search for innovation and quality. "Our new relationship with the employers is based on respect, common goals and a common mission," declared King.

Several other GM executives will take up posts on the Opel board alongside King. They all have considerable experience when it comes to job cuts and attacking the living standards of GM workers in the US: Vice Chairman Steve Girsky, who has close ties to the UAW, Chief Financial Officer Dan Ammann, Product Chief Mary Barra and the head of GM international operations, Tim Lee.

King will work closely at Opel with his German trade union colleagues to enforce the new cuts insisted on by GM. In return, he expects the support of IG Metall in the works run by VW, Daimler and BMW in the American south, where the UAW has not been able to gain a foothold. The IG Metall union maintains cooperative relations with the executives of all the major German auto companies.

Welt Online reported on January 12 that the Opel works council, IG Metall and company executives had agreed in December to "pull together in concert to avert potential losses in 2012." The agreement struck with the company's top management means that the previous contract which ruled out further cuts before 2014 is apparently no longer valid.

The Bochum works council chief Rainer Einenkel responded angrily to the reports of possible closure of the Bochum plant—although he had undoubtedly been informed of the talks held in December. He blathered that such rumors were "repeatedly spread about. We do not need them, we need peace in order to build good cars,"... and above all time to carefully prepare the next round of cuts job losses with management. Publicity about such preparations is harmful.