

European vehicle manufacturer Iveco to shutter five plants

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The Iveco commercial vehicle builder has announced it will close five of its plants in Europe, including three in Germany at the end of this year. The plants affected are Weis, Ulm and Görlitz in Germany, Graz in Austria and Chambéry in France. A total of 1,075 employees will lose their jobs.

The announcement by company director Alfredo Altavilla in Turin came as no surprise. In early May he announced the end of Iveco truck production in Ulm. The plant in Ulm has been on short time working for more than three years, with management justifying the step by pointing to shrinking sales and the general economic slowdown in Europe.

In fact, a critical look behind the façade shows that Iveco's parent company, Fiat Industrial (the commercial vehicle division of Italian automaker Fiat) is making huge profits. In the first quarter of 2012, the company recorded a profit of 207 million euros—an increase of ninety percent compared to the same quarter last year. This year, the company predicts turnover of 25 billion euros and a profit of around 900 million euros.

Currently Fiat Industrial plans to invest one-and-a-half billion euros in Spain within the next three years and employ 1,100 workers. The Spanish government, in compliance with the EU, has agreed to a sweetener of 500 million euros for Fiat in the form of tax breaks and other incentives.

The dismissals involve annulling existing contracts for workers in Germany in order to employ Spanish workers at significantly worse conditions. The company is not only utilizing EU subsidies, but also the

extensive attacks on the rights of Spanish workers carried out in the last two years in the wake of the country's property and banking crisis.

The resulting unemployment rate of 24.6 percent permits management to dictate an extremely low level of wages for new hires in Spain. In particular, recently introduced legislation stipulates that wages must be cut when a company's profit has declined for nine months. Iveco's decision to shift production to Spain was undoubtedly influenced by this measure. In this way the social cuts mandated by the EU in Spain, Portugal, Ireland, Italy and Greece are being used to downgrade wages and working conditions throughout Europe. In Ulm alone, 670 workers will lose their jobs, including 450 over the age of 55 years, about one hundred disabled workers and the same number of trainees.

In recent years the company has used the threat of relocating production to increase the exploitation at the existing plants. In this regard management has worked closely with the unions. In 2006, IG Metall and its works council enforced five hours of unpaid overtime for the three German sites, arguing this was the only way to secure jobs.

Following the latest announcement the union has once again sided with management. Not only have union leaders refuse to organize any action to defend jobs, they have gone so far as to actively oppose any strike action. The workers in Ulm and Weisweil wanted to fight, declared works council chairman Wilfried Schmid. "But not with strikes," he said. "After all, we want to work."

The head of the IG Metall in Ulm, Michael Braun,

also supports the company logic which pits one factory and nation against another in a race to the bottom with respect to wages and working conditions. It makes no sense, Braun said, to shift the production of heavy trucks from the Danube Valley to Madrid, because “the Spaniards cannot buy these trucks due to their precarious economic situation.”

The German Left Party has also endorsed the same argument. Left Party parliamentary leader Gregor Gysi played the same nationalist card. “Spain says it is broke,” Gysi commented last week, “and then pays 500 million euros in order to eliminate 670 jobs and 100 trainee jobs here.” This nationalist policy of trade unions and the Left Party is tailor-made to serve the interests of the company management. It is the mechanism with which they can play off the workers of different countries against one other and drive down wages across Europe to a minimum. On this basis the types of attacks already carried out in Greece and Spain are being implemented across the EU.

The mass layoffs at Iveco are part of a Europe wide attack on workers and can only be averted by a common struggle of workers in every country against the EU and its austerity measures.

The defence of jobs at Iveco plays an important role in this struggle. If the company is successful in implementing its plans, then other companies will follow suit and, with the support of the unions, intensify the assault on European wages and jobs.



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