

French unions sign concession deal with automaker PSA

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On July 26 trade unions accepted sweeping concessions, including wage freezes and increased flexibility of working time proposed by the French carmaker PSA Peugeot Citroën at its Sevelnord plant in the northern French town of Hordain, after two months of negotiations.

The deal, known as a “competitiveness agreement”, came after PSA announced the closure of its Aulnay plant near Paris and the loss of 8,000 jobs nationwide. PSA has threatened to shut down Sevelnord unless workers accept concessions, making clear that it would consider building its future K-Zero utility vehicle at Sevelnord only if its demands were met.

Sevelnord, which employs 2,700 workers, produces commercial vehicles and cars like the Peugeot 807 and Citroën C8, as well as Italian automaker Fiat’s Scudo model. Though Fiat pulled out of the joint venture, PSA has recently entered into another joint venture agreement with Toyota to produce midsize vans for the Japanese automaker at Sevelnord.

The contract calls Sevelnord “an attractive location for possible future projects to maintain industrial activity; the question of competitiveness is both necessary and determinant for the firm”.

The five-year agreement is part of PSA’s plan to slash workers’ living standards to boost its competitiveness and profits. PSA has recently announced the operating loss of €800 million in the first half of this year, justifying plant closures and wage cuts.

The agreement provides a two-year pay freeze, greater flexibility in working time and transferring workers to lower-ranking jobs within PSA to other companies. It tacks on a provision for “supplementary bonuses” tied to profitability, which is meaningless under conditions where the company is losing hundreds

of millions of euros per year.

PSA welcomed union support for the concessions. “The company-level agreement on adapting working conditions, maintaining jobs and developing Sevelnord was signed by the CFE-CGC, FO, and SPI-GSEA unions”, PSA announced.

Unions praised the agreement, describing it as a “good compromise” to save the plant. Workers Struggle (FO) union delegate Jean-François Fabre cynically commented, “The agreement allows us to save the plant. ... Our comrades at Aulnay would have preferred an accord like this to the closure of their site.”

The General Confederation of Labor (CGT) cast a purely symbolic vote against the deal, against which it has no plans to mount a struggle. The CGT delegate at Sevelnord, Ludovic Bouvier, said, “We will not sign an agreement behind the workers’ backs on the eve of paid vacations.”

Jean-Pierre Delannoy, the CGT’s leading regional official in metallurgy, said: “This agreement on mobility, flexibility, and wage freezes could be applied to all of PSA, even the entire auto industry. We cannot accept such a dangerous accord. ... They do not have the right to use the trauma of the closure of Aulnay to impose a concessions deal at Sevelnord and say, ‘first you sign then you get the K-Zero [utility vehicle]’. We are not fooled, this is blackmail.”

The CGT’s verbal opposition to the deal is entirely cynical. It kept silent as management negotiated the deal for over a month—just as it has declined to organize any opposition to the closure of Aulnay. At Sevelnord, the CGT simply watched the negotiations and then waited for the other unions to endorse the agreement.

The contract signed by unions at Sevelnord resembles the American United Auto Workers (UAW) union's routine collaboration with US auto companies to impose deep cost-cutting measures, including plant closures and wage and benefit cuts on US auto workers. This paved the way for US auto companies to become more competitive and increase their profits.

PSA management and union officials are using the Sevelnord accord as a model to be implemented throughout the auto industry and beyond.

Shortly before the agreement was announced, PSA CEO Philippe Varin bluntly told a parliamentary economic commission that the agreement "could serve as a template for the rest of the auto sector. ... If we get an agreement, we're ready to share our experience so that the entire industry can learn from it."

He added, "I've discussed this with the [national] union federations and understand they are ready to look at the issue".

The unions similarly expect this plan to be implemented against the entire workforce. FO official Fabre explained, "The agreement may well be followed elsewhere. It was negotiated mainly by our national federation and legal service, precisely for that reason."

While it imposes concessions on the workers, PSA is demanding further government subsidies and tax breaks to boost its competitiveness. The FO union even cited this as a reason to back the agreement, with Fabre commenting: "This accord allows us to give guarantees to the government, which is willing to subsidize plants that will stay open."

The Sevelnord agreement is a devastating exposure of the unions and the new Socialist Party (PS) government of President François Hollande, whose election was supported by the unions and petty-bourgeois "left" groups like the New Anti-Capitalist Party (NPA).

Having come to power on the basis of pledges to "re-industrialize" France and boost its competitiveness, Hollande is making clear how his administration intends to accomplish this. He is backing big business' campaign to slash jobs and benefits and impose poverty wages on the working class.

The PS government recently unveiled a plan,

supported by the auto companies, aimed at boosting French auto industries. The plan includes increased subsidies for electric and hybrid cars and investment in new technologies, and provides €600 million in loans for small and mid-size auto supply firms. In dealing with the workers, however, it foresees cutting over €1 billion in labor costs and offers no relief to plants like Aulnay and Sevelnord threatened by management.



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