

# Trade unions facilitate closure of two German solar energy plants

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Early last week, the works council and the IG Metall engineering union agreed on a plan with the management of the solar technology manufacturer First Solar for the closure of its two plants in Frankfurt-Oder that employ 1,200 workers.

The American company announced in mid-April it was planning to slash 2,000 of its worldwide workforce of 6,000. The two factories in Frankfurt-Oder will be closed at the end of the year. The company has also sacked 550 workers in Malaysia, and several hundred jobs have been cut in the company's administration in the United States and in other countries.

The closure of the First Solar plants in Frankfurt-Oder is a heavy blow for that region of east Germany situated close to the Polish border. The company settled there in 2007, supported by subsidies from both the federal government and state administrations. The state government provided a subsidy of €21 million (US\$26 million) for the company's first plant and €5 million for the second. Following the opening of the second plant in the fall of 2011, First Solar became one of the largest industrial enterprises in the state of Brandenburg.

First Solar is just one of several solar technology companies that have received public funds to set up operations in Frankfurt-Oder. Many are now bankrupt. The Odersun company, with 260 employees, declared bankruptcy in late March. Another company, Conergy, also wound down some of its production in Frankfurt-Oder in 2011, resulting in redundancy for 100 workers. Many temporary workers also lost their jobs at that time.

In early April, Germany's one-time biggest solar company, Q-Cells, declared bankruptcy in the east German state of Saxony-Anhalt, shedding 1,300 jobs. The region had been nicknamed "Solar Valley" because of its

leading role in the production of solar technology.

Both states were formerly centres of east German industry, which was largely shut down following the restoration of capitalism in 1990. Following the reunification of Germany, millions of workers lost their jobs and their livelihoods. The eastern part of the country has been plagued by high unemployment levels ever since.

Solar technology was one of the few industries to set up operations in the east and provide some hope for the jobless in the region. Now, these jobs have been largely wiped out in a wave of bankruptcies during the past few months. In December of last year, the Solon company, registered in Berlin, and west German companies Solar Millennium and Solar Hybrid announced their insolvency.

The executive of First Solar justified the closure of its plants in Frankfurt-Oder on the basis of falling prices in the solar industry and cuts made in state funding. Under these circumstances, management argued, there was no prospect for the plants ever operating at a profit.

In the first quarter of this year, First Solar reported a loss of US\$449 million based on a 12 percent decline in sales and a turnover of US\$497 million. Nevertheless, First Solar declared it expected to make a good profit for 2012 following the restructuring of the company.

In Frankfurt-Oder, this restructuring had already commenced in February when First Solar cut back production by introducing short-term working. Then, early last week, employees were presented with a plan that foresees the phasing out of production by the end of the year.

The IG Metall union and its works councils praised the

plan as a success. In a press release of July 11, IG Metall states: “The American company reached an agreement with the works council on a well-equipped social plan and the establishment of a transfer company. Thanks to new orders the plant will first be closed at the end of December, two months later than originally planned. Employees will receive severance pay.”

The fact is that thanks to IG Metall the workers have been hung out to dry. They are being fobbed off with a severance payment of 1.8 months’ salary for each year of service. Considering that the two approximately equal-sized plants only opened in 2007 and 2011, this means that the severance payments vary between one and nine months’ salary.

The “transfer company” delays the passage to unemployment by nine months at most. In addition, about 250 employees will be retained in the first quarter of 2013 to dismantle the plant. Temporary workers are left completely empty-handed.

According to a survey commissioned by IG Metall, working conditions in the solar industry, which has employed up to 120,000 in Germany, are characterised by extremely low wages (e.g., some workers earn €7.50 per hour), long hours, a great deal of overtime, poorly controlled shift work and the excessive use of temporary workers.

In fact, the role played by IG Metall in the solar industry is completely cynical. It has no strategy to protect jobs, but rather assists the company in cooperation with the works councils to implement layoffs and cutbacks as quietly as possible and with minimum cost to the company.

The union has reacted to the decline in prices on the world market by calling for trade war measures against China and increased subsidies for companies, which can then be clawed back via increases in the price of electricity for consumers.

For some time, IG Metall lamented the fact that there was limited union representation in solar technology companies and initiated a so-called solar industry dialogue, which met in early June bringing together works councils members with representatives from political circles and the solar industry.

At this conference, IG Metall representatives called for a plan for the industry and a loan programme from the development bank KfW. They also demanded action against China, where solar technology systems are being produced one-third cheaper than in Germany.

Detlef Wetzel, vice president of IG Metall, demanded the introduction of a label “Made in Europe”, arguing that “clean energy must be produced cleanly”. The economics minister of Thuringia, Matthias Machnig (SPD), called for restrictions on Chinese imports, saying: “We need to ensure that value creation remains in the country.” The example of First Solar, however, makes clear that the real role of the unions is to ensure that job losses and factory closures are carried out without any resistance.

The rapid rise and decline of the solar industry clearly shows the destructive effects of the capitalist profit system. Sustainable technology for energy production was only possible based on massive government subsidies, low wages and poor working conditions. Now, leading solar technology companies are going out of business due to a fall back in government subsidies.

The Renewable Energy Sources Act (EEG) introduced by the Social Democratic Party-Green coalition in 2000 introduced a fixed price for electricity guarantees for all owners of a solar-powered system. This remuneration is fixed every year. Earlier this year, the federal government announced a cut in this funding by up to 30 percent. This particularly affects large open space solar energy systems, such as those produced by First Solar.

The promotion of solar power operators is to be financed exclusively by the EEG via increased electricity prices for domestic consumers. The subsequent increase in electricity costs means that 600,000 households in Germany had their electricity cut off last year because they could not afford to pay their electricity bills. Large industrial companies with high power consumption are excluded from the price increases.



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