Ford Europe plant closures threaten thousands of jobs

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Ford Europe announced this week the closure of three factories. The auto company will close its plant in Genk, Belgium, at the end of 2014, with another plant in Southampton, southern England, and a stamping plant in Dagenham, near London, to be shut down in 2013.

The plant in Genk employs almost 4,500 people, the two factories in the UK 1,400. The plant closure in Belgium will also hit more than 5,000 workers at supplier companies.

The decision to close the Genk plant was made at Ford's corporate headquarters in the US. On Wednesday morning, Belgian Ford management announced the decision to invited union representatives. The announcement lasted less than five minutes, following which union officials informed employees at a staff meeting.

The factory in Genk is one of the three biggest Ford plants in Western Europe and produces the mid-size Mondeo, the S-Max sports van and the Galaxy. Just a month ago, the company announced that Ford planned to produce the latest version of the Mondeo at Genk, and the Flemish regional government has invested considerable sums to maintain the factory. Ford has received almost €44 million (US$57 million) in state funding since October 2010.

Following the sales crisis in Europe, however, there has been increasing speculation about a possible closure. Production in Genk was recently geared down to a four-day work week, and Ford also postponed the start of production of the new Mondeo, due to begin in October 2013.

During the Paris auto show in late September, company executives indicated that Ford was preparing to cut back its production capacity in Europe. The CEO of Ford Germany, Bernhard Mattes, whose jurisdiction includes the plant in Genk, declared that the future of the Belgian plant was open. The company failed to confirm the commencement of production of new models in Genk.

Now the factory at Genk is to be shut down. According to analysts, this could bring Ford savings of up to US$500 million (€384 million).

Following a meeting with Ford executives, the British GMB trade union declared on Thursday that the assembly plant in Southampton in southern England would be closed, with the loss of 500 jobs. An additional 1,000 workers will lose their jobs following the closure of the Dagenham plant near London.

Ford in Southampton has been producing transit vans for 40 years, but production fell from 66,000 vehicles in 2008 to just 28,000 last year. The production lines are currently manned in a one-shift operation. Dagenham and two other plants produce auto parts. Founded in 1931, the factory employed 40,000 workers at its peak in 1953. Today, there are just 4,000 workers left.

The latest plant closures and layoffs are just the beginning. This was confirmed on Wednesday by Stephen Odell, Ford Europe CEO, who said, "The proposed restructuring of our European production is a fundamental part of our plan to strengthen Ford business in Europe and return to profitable growth." The company is offering severance pay to its 68,000 employees in Europe if they agree to resign "voluntarily".

The measures taken by Ford are in response to the sharp drop in auto sales in Europe. In the first nine months of this year, sales of Ford autos fell 12 percent, to 739,000 units. In September, this rate of decline accelerated to 15 percent. Europe chief Odell has announced losses for the current year totalling US$1.5 billion (€1.2 billion). The situation for the auto producers is expected to remain dire for some time to come. The market for autos has collapsed, particularly in those countries where the European Union has dictated drastic austerity measures.

In Spain, 1.6 million new cars were sold in 2005. Now, manufacturers reckon with sales of just 700,000 units next year. The Portuguese market has halved over the same period to 95,000; in Greece, new car sales have fallen from 270,000 in 2005 to an expected 57,000 next year. In Italy, auto analyst Ferdinand Dudenhöffer expects a decline of 860,000, to 1.35 million cars.

It is auto workers who are being made to pay the price for this economic collapse. The crisis is being used as a lever to cut jobs and eradicate all of the gains made by auto workers in the post-war period. The plant closures, mass layoffs and wage cuts that have restored profitability to the Big Three auto companies in the US are now to serve as a role model for Europe. Alongside Ford, almost every other European manufacturer has announced either factory closures or significant cuts.

Rather than oppose the cutbacks, the trade unions have accepted them. They complain occasionally about the lack of consideration shown by management but work closely with company executives and categorically reject any struggle to defend jobs and wages.

"Everything has been destroyed. I'm devastated," was the complaint from Herwig Jorissen, the chairman of the largest Belgian Metalworkers union, ABVV-Metaal. The regional chairman of ABVV-Metaal, Rohnny Champagne, said, "Ford management told us repeatedly not to worry. Now they have stabbed us in the back."

On Thursday, the unions at Ford Genk met to discuss with the company. They accused Ford of breaking its promise to build three new models in Genk and violating an agreement guaranteeing jobs until 2020, and pledged "to push a hard bargain in negotiations." Ford will bleed, Champagne declared, acknowledging at the same time that the unions had already accepted the closure and were preparing merely to haggle over the terms of severance pay.

This recalls the mantra repeated by the German works council chairman at Opel Bochum, Rainer Einenkel, who recently warned that closure of the plant in Bochum could be "the most expensive closure of all time." Some auto analysts have predicted that General Motors could announce the closure of the Bochum plant in 2016, possibly as early as next week.

Two years ago, Opel shut down its plant in Antwerp, Belgium, with the loss of 2,500 jobs. The plant was located fewer than 100 kilometres from Genk. Also at that time, the unions publicly bemoaned the decision, while behind closed doors fierce battles took place between the works councils and trade unions of the various plants and countries—Belgium, Germany, Spain and the UK—about which plant should be axed next.

The situation is the same at Ford, where the company intends to shift some of the Genk production to its factory in Valencia, Spain, which currently employs more than 6,000 workers. Ford management has also indicated that it will switch production of the compact autos C-Max and Grand C-Max from Valencia to the company's Saarlouis plant in southwest Germany in 2014.

Saarlouis currently employs 6,500 workers, but production has recently been scaled down, with 80 contract workers losing their jobs. In November, production at the plant is to be wound down by another 10 percent.

A possible beneficiary of the closure at Genk could be the Ford plant in Cologne, Germany. The complex employs more than 17,300, although only 4,100 are directly involved in auto assembly. So far, Cologne has produced only the subcompact Fiesta and Fusion minivan. Some of the production carried out in Saarlouis could be relocated to Cologne in 2013.

Production in Cologne and Valencia was trimmed back before the summer break, with 10 days of short-time working on the Fiesta assembly line. Under these conditions, it is likely that the IG Metall union in Germany is currently working on plans to ensure that plants in other European countries are closed down before those in Germany.