

# Trade unions and management negotiate on Opel “recovery plan”

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The German IG Metall union and the management of GM-Opel are jointly developing the framework for a company reorganization, due for completion on October 26. The weekly negotiations involving leading representatives from all the German works councils are taking place behind closed doors. For months union representatives have refused to release any details about the negotiations.

The aim of the talks is to finalise a “long-term growth plan” for Opel up to the year 2022, which will undoubtedly involve major cuts in jobs, wages and working conditions. Opel currently has a workforce of just over 20,000 employees in Germany and slightly less than 20,000 in the rest of Europe.

On October 31, five days after the announcement of the proposed reorganization plan, Opel will present its financial results for the third quarter. With losses once again expected, Opel is under pressure from its parent company General Motors and shareholders to make further savage cuts.

The agreement that allowed Opel to suspend payment of a 4.3 percent wage increase for auto workers at the company’s four German sites expires at the end of October. The subsequent payment of outstanding salaries would cost the company at least 19 million euros, which it is now trying to avoid in its negotiations with the unions.

The works councils involved in the talks have sought to allay fears on the part of the workforce regarding impending cuts. The chairman of the works council at the Bochum plant, Reiner Eienkel, has regularly denied that he is negotiating on the closure of the factory. In a recent statement he addressed the persistent “rumours of plant closures” and asserted “There have been no talks with IG Metall and the works councils on the closure of an Opel plant.”

At the same time Opel entered into negotiations with the unions with the announcement that no other model would

be produced at the Bochum plant following the impending expiry of the current Zafira model. This obviously means the prospect of closure for the plant is real.

In the past, IG Metall and the works council have supported every attack made by management on the workforce. Based on claims they would secure jobs the unions have accepted one round of job losses and wage cuts after another, and then last year approved the closure of the Opel plant in Antwerp, Belgium.

In his latest leaflet to workers Eienkel admits that the workforce in Bochum “had adhered to all of the contract conditions relating to wages, Christmas bonuses and allowances” in order to secure the future of the factory. Despite these concessions the company has slashed nearly 70 percent of the factory’s original workforce of 10,000 jobs since 2005. It was agreement on the part of the unions to so-called “site contracts” which made possible the job cuts and has opened the way for the total closure of the plant.

Now Eienkel declares: “The closure of the Opel plant in Bochum would be the most expensive plant closure of all time for GM.” However the costs involved has not prevented GM from either implementing massive job cuts or closing plants in the past.

Workers’ fears regarding the future of the plant were also confirmed by an appearance by IG Metall chairman Bertold Huber at the “Manager Forum” last week. From the podium Huber declared that the situation at Opel made him “helpless and sleepless.” He had “no solution for Opel at the moment.”

Huber personally heads the meetings between IG Metall and Opel management and has remained silent on their progress. But based on past experience he is quite prepared to accept the loss of jobs and wages. As a result of the last redevelopment plan—agreed by the union—Opel-Vauxhall has shed more than 8,000 jobs since 2009.

Apparently, General Motors is intent on implementing

its plan to close down the Bochum plant and is not prepared to offer any concessions to allow the union to save face. This is the most likely explanation for Huber's "helplessness."

In addition to the possible closure of the Opel plant in Bochum, Opel is planning to reduce working hours without appropriate compensation, based on a similar model introduced at Volkswagen. In addition, internet forums feature reports by workers claiming that a 4-day week is to be introduced next April.

One form of the four-day week is currently being practiced at the British Vauxhall plant in Ellesmere Port. Five months ago the Unite union agreed to massive wage cuts in order to reduce wage costs at the factory compared to the company's German factories. The Guardian reported last week that the 2,000 workers at the British plant now work their weekly quota of 38 hours in just four days, i.e. working 9.5 hours per day.

The newspaper quoted a company spokesman saying: "Vauxhall has concluded a new contract at the plant whereby the 5-day work week is compressed into a 4-day week, with substantial cost savings."

One worker, who asked not to be named, told the Guardian that although the deal involved no loss in overall hours or wages it still gave "cause for concern." Short time working aimed at cutting back on production has already been imposed both in Ellesmere Port and the second British Vauxhall plant in Luton, as well as in German plants. In the German Eisenach plant the night shift is due to be abolished next year.

IG Metall members at Opel are due to vote on the draft for the union-management reorganization plan from November 5-7. Up to that date Opel workers are being placed under additional pressure. Recent press reports have published new plans drawn up by GM.

Last week, the online edition of the French business daily *La Tribune* reported that secret negotiations were taking place between GM and the executive of the French auto concern PSA Peugeot Citroen regarding a merger of the two companies. A decision could be made by the end of the year.

According to *La Tribune* a plan is being discussed aimed at merging the Opel car construction division and the PSA Group into a new company. The plan has not yet been submitted to the Opel supervisory board.

In late February GM and PSA had already struck an alliance aimed at reducing costs. GM bought seven percent of PSA shares for € 320 million and the companies formed working groups to explore possible

"synergies"—a euphemism for job cuts and wage cuts. The target was to save between 1.5 to two billion dollars per year.

Citing "two people familiar with the matter," the *Financial Times Germany* reported that the plan outlined in *La Tribune* was "only one option of many awaiting a decision in the coming weeks."

A similar report came from the Reuters news agency. Amongst these alleged options are the sale of Opel to Peugeot, the purchase of the Peugeot auto division by GM, and the unification of all production facilities into one new company.

The Opel and PSA managements have failed to respond to these reports, but it is already clear that consultations between GM and PSA far exceed the remit published eight months ago restricted to cooperation between the companies on the purchasing and development of common production platforms.

Already in August, *Spiegel Online* reported that the new Opel Zafira was to be produced in France beginning in 2017. This would seal the fate of the Opel plant in Bochum, which produces the current Zafira model. The *Frankfurter Allgemeine Zeitung* has also reported on plans to centralise the production of the middle class sedans currently produced by Opel, Peugeot and Citroen at the main Opel factory in Rüsselsheim.

PSA Peugeot, Citroën and Opel have been severely hit by the slump in sales in Europe, caused by the drastic austerity programs imposed by the European Union. Both brands are almost completely dependent on the market in Europe. Since the start of the year Opel has run up losses of more than half a billion dollars, while the losses of the PSA Group top 800 million. Both companies have announced drastic cuts, including plant closures.



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