Over 400 jobs cut in Ireland as Lufthansa subsidiary shuts plant

Jordan Shilton
13 January 2014

Lufthansa Technik, a subsidiary of the German airline Lufthansa responsible for aircraft maintenance, announced the closure of a facility near Dublin, Ireland, in late December, with the loss of 411 jobs. The move came after a one-month consultation period begun in November.

The company blamed the closure on declining market share and a drop in revenues. It comes as Lufthansa is in the process of a major restructuring drive aiming to cut 3,500 jobs by next year. The workers could be laid off as early as the end of this month, with formal redundancy notices issued December 20.

The plant, situated in Rathcoole, County Dublin, was established by Irish national airline Aer Lingus in 1980. Lufthansa first bought a 60 percent stake in the facility, before purchasing it outright in 1999. The plant's highly skilled workforce carries out the maintenance and overhaul of jet engines.

In the same week as the Dublin plant closure, Lufthansa workers at Paris's Charles de Gaulle airport undertook a wildcat strike against the outsourcing of around 200 jobs to agency workers who will be paid lower wages.

Both decisions are part of Lufthansa's global strategy to save €1.5 billion by the end of the year across its operations. This has included deep attacks on the pay and working conditions of ground staff and crew in Germany early last year, imposed with the full collaboration of the trade unions.

Lufthansa's decision to shut down the Rathcoole facility shatters the Irish government's claims that the country is in the midst of an economic recovery. As Ireland exited its bailout programme last month, leading politicians hailed the massive assault on working people imposed under the auspices of the European Union, European Central Bank and International Monetary Fund as having provided the basis for an economic turnaround. In reality, the latest announcement is yet one more example of how workers face unemployment and mass poverty as the global economic crisis continues to deepen.

The global airline industry has imposed sweeping cost-cutting measures, including layoffs, wage reductions and the restructuring of operations since 2008. Last year, Air France and Iberia airlines imposed major job cuts across Europe. Scandinavian Airlines unveiled plans to slash its workforce by 40 percent, costing 6,000 workers their jobs, and British Airways announced further job cuts following their assault on workers' wages and working conditions over recent years.

Irish airline Aer Lingus laid off all ground crew in 2011, before re-hiring the majority, but paying much lower wages. Currently, workers are preparing to vote on strike action over a €780 million shortfall in the company's pension scheme.

Labor unions have collaborated with company management throughout the airline industry to force through attacks on airline workers. SIPTU (Services, Industrial, Professional and Technical Union) offered no resistance to the loss of over 400 jobs in Ireland and refused to call for workers to mobilise against the closure, let alone align their struggles with other workers in the industry internationally or workers across Ireland facing the same attacks.

As soon as Lufthansa announced the beginning of the consultation process in November, SIPTU entered talks with the aim of promoting the bid of US investment firm Cloud Capital to take over the plant. Lufthansa ruled out this plan because it said the offer was too low.

Accepting the shutdown before it was even confirmed, SIPTU negotiators urged the company to pay an additional six weeks redundancy for every year of service, above the statutory two weeks per year. After Lufthansa Technik rejected this demand, the SIPTU took their demand to the Labour Relations Commission, an institution with a well-known record of forcing through the interests of big business. As it stands, the laid off workers will only receive four weeks of pay per year of service.

Unemployment in Ireland remains at over 12 percent, and thousands of young people and the unemployed are choosing to emigrate. Among the long-serving Lufthansa Technik workforce, two-thirds are over 50 years old, making it even less likely that they can find new employment. The company's pension fund is running a deficit of €8-10 million, threatening to leave the workers without income when they reach retirement.

The three unions represented at the plant, SIPTU, Unite, and the Technical, Engineering and Electrical Union (TEEU) have agreed to a series of concessions over recent years, claiming each time that this was the only way to avert the shutdown of the facility.

In 2009, the unions acceded to management demands to change work practices by cutting premiums paid for shift work and granting management the ability to force workers to work additional hours to meet demand. After workers voted down the first agreement, the unions succeeded in pushing through the deal at a second vote.

This was followed in 2011 by management's refusal to implement an agreed 2.5 percent pay increase, in response to which the unions took no action.

The union's pseudo-left apologists have not issued a word of criticism of the union. The People Before Profit Alliance (PBPA), predominantly made up of members of the Socialist Workers Party, issued a pathetic appeal to local government and the Fine Gael-Labour coalition in Dublin to increase investment in the plant. PBPA local councillor Gino Kennedy commented, "The site in Rathcoole which has been going since 1980 was initially founded by Aer Lingus—17 years before Lufthansa bought it out. There is no reason why it cannot have public investment again. … People Before Profit Alliance will support workers by raising this issue and asking the necessary questions to Government. We believe at this point the government should take the site into public ownership."

This appeal is directed to a government that has overseen a massive assault on the living standards of working people to pay for the bailout of the financial elite. Over the past five years, workers' wages have been slashed, pensions raided, jobs cut and public services destroyed. The spending cuts and tax hikes imposed by the current coalition, and its immediate predecessor coalition of Fianna Fail and the Greens, amount to more than one-fifth of Ireland's annual gross domestic product.