

European steel workers face massive attacks on jobs and pensions

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On March 29, the Indian steel corporation Tata Steel announced that it would completely withdraw its operations from Great Britain and sell the steel plants it acquired in 2007. Fifteen thousand jobs in the steel industry, 25,000 in the supply industry, as well as the pensions of 130,000 former and currently employed steel workers, are in danger as a consequence.

Only two days later, the Düsseldorf newspaper *Rheinische Post* reported that Tata Steel wanted to merge with the steel division of the German corporation Thyssen Krupp. Negotiations in “Berlin ruling circles” are quite advanced, the *Rheinische Post* reported. Several variants were discussed, including a “joint venture with the option of adding on shares at a later point.”

The hedge fund Cevian, a major shareholder at Thyssen Krupp since December 2013, has insisted for a long time that the conglomerate should be split up and unprofitable parts of the business disposed of.

While the *Rheinische Post* reports a possible takeover of the steel division of Thyssen Krupp by Tata Steel, the British *Observer* has speculated about a takeover by Thyssen Krupp of the Tata steel plant in Port Talbot in Wales.

The German steel corporation did not begin negotiations with Tata Steel about the takeover of its European division until three months ago, said the *Observer*. The deal fell through on account of the high pension obligations of almost £15 billion and the heavy losses at British Tata plants. They could “potentially rescue the deal with the Germans if the UK government provided substantial financial support and the pension scheme, which has 130,000 members, were restructured.”

What is certain is that the entire European steel industry faces a vast consolidation and downsizing, which threatens the jobs as well as wages and pensions of 10,000 former and currently employed steel workers. According to the *Reinischer Post*, a merger of Thyssen Krupp and

Salzgitter into a single German “steel giant” is being discussed as an alternative to the merger of Tata Steel and Thyssen Krupp. In either case, the consequence would be job cuts and possible plant closings.

A merger of Tata Steel and Thyssen Krupp would, without a doubt, have consequences for the Thyssen Krupp steel plant in Duisburg, where almost 13,000 people are employed. Tata operates “one of the most profitable steel plants in Europe, only 200 kilometres away in the town of Ijmuiden in the Netherlands,” said the *Rheinischer Post*. It is directly connected with the North Sea and thereby reduces the high cost of transporting iron ore via the River Rhine to Duisburg.

Pension provisions, totalling €7.7 billion in the last business year, are an obstacle to the sale or merger plans of Thyssen Krupp Steel, just as they are at Tata plants in Great Britain. Both corporations are striving to get rid of this “extraordinary burden.”

The consolidation plans of the steel corporations are a reaction to the high levels of overcapacity of steel production on the world market. The Organization for Economic Cooperation and Development (OECD) reports that global production capacity has more than doubled since the beginning of this century, while the demand for steel has drastically diminished since the financial and economic crisis of 2008. Within the EU alone, 85,000 jobs have been destroyed since—but that is not enough for the corporations.

An even more massive round of cuts is now being prepared. Hundreds of thousands of jobs in the US, South America, China, Japan, Russia, Europe and many other countries are at stake. According to a European Union report, in China alone, the overcapacity of raw steel production is estimated at 350 million tons, which is almost double the entire yearly production volume in the EU. The Chinese government has already announced that it will wind down steel production and wipe out 500,000

jobs.

The CEO of Thyssen Krupp, Heinrich Hiesinger, has prepared his shareholders for losses. The decline in steel prices has left a lasting mark. In spite of constant economizing at the expense of its employees, Thyssen Krupp recorded losses once again in the 2015/2016 fiscal year. The steel division of Salzgitter AG, the second largest German steel corporation, also ended the year 2015 with heavy losses. The largest steel producer in the world, ArcelorMittal, also suffered losses in the billions.

Now workers will be forced to pay and steel corporations expect major opposition from their employees. Opposition to the production cuts is high in Europe, according to Roland Döhrn, a steel expert at the Rheinland-Westphalian Institute for Economic Research (RWI) who was quoted in the *Westdeutsche Allgemeine Zeitung* (WAZ). “That is a rather large number of jobs in one sweep,” he said.

Meanwhile, the ground is being prepared for massive layoffs. One of the steel corporations in a study ordered by the research institute Prognos has estimated the national economic consequences—through the year 2030—of the weakening of the steel sector in Germany. “Employment reductions by 380,000 jobs are bound up with this,” says the study.

In Germany, about 87,000 workers are employed directly in the steel industry, including 47,600 in North Rhine Westphalia. An additional 3.5 million jobs in Germany depend directly or indirectly on steel. Prognos discussed the role of the steel industry as a supplier for the manufacturing industry with branches in the manufacturing of machines and trucks and electronics.

The steel trade association, to which the corporations Thyssen Krupp and Salzgitter belong, the union IG Metall, the works councils of the steel plants and the German government, as well as the state governments concerned, have joined together to impose the impending layoffs and social attacks.

They declare that “import dumping” from China as well as a planned change in climate protection in the EU responsible for the impending layoffs. In order to prevent the steel workers from solidarizing worldwide and taking up a struggle against the planned attacks and their cause, the capitalist system, they demand punitive tariffs and other protectionist measures as well as the loosening of climate protection requirements.

In the middle of February, the European trade associations and unions demonstrated together in Brussels for trade war measures against China and Russia—a

strategy that hasn’t prevented them from playing the steel workers of the individual locations and European countries against one another.

On April 11, IG Metall called a nationwide “steel day of action” in Germany with demonstrations and rallies in Duisburg, Berlin, Salzgitter and Saarland. The aim of this “day of action” is not to mobilize steel workers to defend their jobs and social achievements, but to provide a platform for the corporate bosses and bourgeois politicians who are responsible for the attacks.

In Duisburg, IG Metall President Jörg Hofmann and a number of works councils will speak at the rally. Federal Minister for the Economy Sigmar Gabriel, NRW Minister President Hannelore Kraft (both social democrats) and Hans-Jürgen Kerkhoff, president of the steel trade association will speak as well. Minister President Annegret Kramp-Karrenbauer (Christian Democratic Union) will speak at a rally in Saarbrücken, and Minister President Stephan Weil (Social Democratic Party) will speak at a rally in Salzgitter.

The general tenor of their speeches can be gathered from statements they have made in interviews. “We also want global competition in the steel sector—but it must be fair,” said Gabriel. Kraft proclaimed in the WAZ: “I share the concern of the German steel industry about unfair competition on the international steel market as a consequence of Chinese price dumping.”

Knut Giesler, head of IG Metall in NRW, also railed against China: “The EU must decide. Does it want clean steel from the most environmentally friendly steel plants—or will it make a policy that will help the dirty steel plants in China?”

IG Metall expects only 10,000 participants all over Germany to attend the rallies, in other words, mainly functionaries of the unions and works councils above. In Duisburg, which, despite massive cuts, remains the largest steel location in Europe, there are just under 17,000 steel workers. In addition to the almost 13,000 workers at Thyssen Krupp, there are an additional 3,300 workers at the Krupp Mannesmann smelting works, and almost 1,000 at ArcelorMittal Steel.



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