Plant closures and layoffs on the agenda at German conglomerate Siemens

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Several thousand planned job cuts by Siemens Group will hit the company's sectors—Power Generation, Oil and Gas (PG) and Process Industry and Power (PD)—as well as its subsidiary, Siemens Gamesa, which manufactures wind turbines.

On October 19 Manager Magazin, citing corporate circles, reported extensive plans for job cuts at PG involving the closure or selling off of eleven of 23 plants worldwide. PG has a total global workforce of 30,000 including 12,000 in Germany. When one includes the organizationally independent service sector, then the PG dependent workforce totals 14,200 employees.

Some 2,200 jobs have already been lost following the end of a program launched at the end of 2014 and now another 3,000 to 4,000 jobs are due to go.

In the PD sector the workforce is currently been trimmed down by 2,500 jobs, including 1,700 in Germany. Now, according to press reports more jobs are at risk due to the company's weak order books in the oil and gas industry.

This week Siemens Gamesa announced the slashing of up to 6,000 jobs in 24 countries. In the next three years, one in five of the sector's 26,000 employees are expected to lose their jobs. The company was formed just in April by the merger of the wind energy business of Siemens with its Spanish competitor Gamesa. Siemens holds a stake of 59 percent and the second largest shareholder is the Spanish energy utility, Iberdrola. Since the merger, sales have plummeted by 12 percent.

The savings plans at PG affects all sites in Germany, including Görlitz (Saxony), where currently a total of 800 employees build small steam turbines, Erfurt (generators, 500 employees), Mülheim an der Ruhr (steam turbines and generators, over 4,000 employees), Berlin (dynamos, 3,700 employees), Erlangen (sales, engineering and project management, 2,300 employees), Duisburg (compressors, 1,800 employees) and Offenbach (sales and project management, 600 employees).

Although Siemens itself has not yet issued concrete numbers, the job cuts have been confirmed indirectly. On 3 November, Siemens head of personnel Janina Kugel told the news agency dpa that "massive changes" were imminent. Kugel reported that the market for large gas turbines had shrunk by 40 percent and steam turbines had fallen by 70 percent and she could not rule out redundancies. One tries to find socially compatible solutions, she declared, "but one must also honestly state that this will not be possible for everyone everywhere."

The *Frankfurter Allgemeine Zeitung* commented, "The company wants to break two taboos: plant closures and redundancies. There have been no such comparable major cuts in the past few decades in the company despite frequent restructuring."

More detailed information about Siemens' plans is expected from CEO Joe Kaeser at the company's annual press conference in Munich on Thursday 9 November. In mid-November, representatives of the works council and IG Metall are to be officially informed about the company's plans.

The background of the redundancy plans in the Power & Gas division is the slump in the market for large gas-fired power plants and expensive gas turbines due to the increase in renewable energy sources.

Siemens is still sitting on an order backlog of nearly 40 billion euros, not least thanks to a major Egyptian contract, struck by CEO Kaeser in 2015 with the Egyptian dictator Abdel Fattah al-Sissi. At the same time orders are falling rapidly across the globe. In 2011 more than 250 gas turbines with a capacity of more than 100 megawatts were sold worldwide, compared to 120 this year. Siemens' major international competitors, General Electric and Mitsubishi, are also bidding for the same contracts.

Siemens also bought the US oil and gas supplier Dresser-Rand for a record $ 7.8 billion in 2014. Shortly afterwards oil prices collapsed and the purchase proved to be a loss-maker. Now the Siemens workforce has to pay the price.

The IG Metall trade union and its works councils, which have collaborated closely with Siemens management on all previous rounds of austerity, are now preparing to neutralise and suppress any opposition to the latest job cuts. The union is adhering to its usual policy—firstly expressing its surprise and indignation, and then organising a few harmless protests while its prepares a sell-out behind closed doors.

"We find it intolerable that once again thousands of employees are made so insecure in this way," commented IG Metall, after Manager Magazin reported the Siemens plans on 19 October.

In the *Augsburger Allgemeine* IG Metall board member Jürgen Kerner, who also sits on the supervisory board of Siemens, criticized the fact that the workforce first learnt of the job cuts through the media. He expects the company executive “to pay heed to employees and explain why there is a need for new action.”

In fact, Kerner had been informed of the plans long before the media reports. This was confirmed by Siemens CEO Kaeser in a letter to the federal Economics Minister Brigitte Zypries (SPD), in which he denied claims that the representatives of the union and works councils had not been informed in advance. Initial discussions with the employee representatives had already started over a year ago and continued in May, Kaeser wrote.

On 25 October, the IG Metall shop stewards organised so-called “five to twelve” protest actions in front of several Siemens factories aimed at emphasising the merits of the individual plant, i.e., that one plant was more competitive and profitable than all others and therefore should not be closed. The action was supported by local and state politicians.

One day later, on October 26, union representatives left a meeting of the Siemens Economic Committee claiming that they had not been given adequate information. In particular, they were upset that Siemens had violated the “Radolfzell Agreement” reached in 2008. In the agreement IG Metall and Siemens had agreed to refrain from plant closures and compulsory redundancies. Instead jobs were to be shed in a “socially acceptable” manner.

In a leaflet of October 24, the union leaders bitterly complained that their close cooperation with the management in the destruction of thousands of jobs was not being sufficiently recognised: “In the areas of PG and PD in the years 2015 and 2016, far-reaching reorganisation began and is still ongoing. In both cases, employees have made significant sacrifices to ensure the future of their factories.”

Personnel boss Kugel, however, declared that Radolfzell Agreement remained in force and that she foresaw close cooperation with union representatives when economic conditions necessitated redundancies and plant closures. “We want to maintain good dialogue,” she said. “We also expect unions to undertake the turn around with us.”

On Tuesday, Manager Magazin reported that Siemens management wanted to “reach out to employees.” It cited a “high-ranking manager” as follows: “Maybe you have to give up a percentage point margin, if you can then give people a perspective.”

Apparently, Siemens is considering relocating some jobs in plants located in structurally weak regions, such as Görlitz in Saxony, to avoid closures. “In return, major locations such as Berlin, Mülheim or Erlangen would have to make more sacrifices” commented the Wirtschaftswoche.

This form of “solidarity” will undoubtedly win support in trade union circles. It serves exclusively to play off individual plants against each other and prevent a joint struggle to defend all jobs.

The perspective of the union is thoroughly nationalistic and reactionary. It translates the slogan of US President Trump, “America first”, into “Germany first.”

On October 21, the works councils and representatives of many Siemens plants met in the Frankfurt headquarters of the IG Metall and adopted a statement, “Future for Germany as an industrial location.” It appeals to the executive to work together with union representatives to develop a “long-term strategy for Germany.” This nationalist orientation divides Siemens workers from their colleagues in other countries and subordinates them entirely to the profit interests of company shareholders.

Using the same nationalist rhetoric, IG Metall supported the recent merger of Siemens’ rail technology division with the French Alstom group—a fusion which also endangers numerous jobs.

IG Metall executive member Kerner demanded the active support of the German government in waging international trade war: “In Europe we need a potential mobility group vis-à-vis growing Asian competition.” He continued: “France has an industrial policy geared to national job interests. It should be the same in Germany. But our state railway has opened an office in China and wants to buy trains there.”

In their function as handsomely paid co-managers, IG Metall officials and its works councils are working to ensure that the attacks on worker’s jobs and conditions are carried out as smoothly as possible. The chair of the joint works council and deputy chairman of the supervisory board of Siemens, Birgit Steinborn, is one of the ten highest paid supervisory board members in Germany. For her work on the company supervisory board she receives 463,500 euros from Siemens annually.

Workers must break with trade unions and works councils and build their own independent rank and file committees. The defence of jobs requires an international socialist perspective, which unites workers at all plants in all countries and places workers interests above shareholder profit.