

In new cost-cutting move, PSA subcontracts Opel operation in Germany

Marianne Arens**13 September 2018**

In accordance with the announcement by the Opel Executive Board earlier this month, the automaker will subcontract its ITEZ research and development centre in Rüsselsheim, Germany to French engineering firm Segula Technologies, which will take over the majority of the facilities and “up to 2,000 employees”.

With this move, the systematic dismantling of the Opel Group—which was sold by US carmaker General Motors to French auto company PSA last year—has taken another significant step forward.

The ITEZ Adam-Opel-Haus and Design Centre and the Dudenhofen test track still employ almost 8,000 engineers, developers, designers and others. Opel and GM previously used the location for research and development, including for the development of the Ampera electric car.

Opel CEO Michael Lohscheller announced September 5 that the sale to Segula was the best solution for the development centre, which he said has suffered from a “drastic reduction in orders”. The centre, company officials say, has only been working at 40 percent capacity for some time.

This will leave the fate of the developers and researchers at Rüsselsheim in limbo. Segula has 11,000 employees worldwide and already works for PSA, the maker of Citroën, Peugeot and other brands, in France. The company intends to build up its Northern Europe headquarters in Rüsselsheim, Germany, by acquiring plants from Opel’s vehicle and drive train development facilities.

Segula, according to the deal negotiated with Opel, is supposed to take on up to 2,000 engineers and developers and guarantee them protection against dismissal up to 2023. This cannot hide the fact that conditions for these employees will worsen. Since the main customer will continue to be the PSA/Opel Group, the employees shifted to Segula will likely work for significantly less

pay and under worse conditions in order to guarantee Segula a profit.

The deal follows a familiar pattern. Increasingly, the auto industry outsources parts of its research and development to subcontracting firms to lower costs and hedge against changes in market conditions. The large automakers face increasing risks from the immense costs associated with electric car technology and mounting global competition, which is increasingly taking the form of a trade war. Brexit and the recent lira crisis in Turkey (where Opel exports) has significantly increased these risks. Under such conditions, wage reductions and temporary work are on the rise in the engineering profession, and the pressure on permanent workers and their former gains is increasing.

In July, the French daily *Le Monde* announced that intensive talks about the sale of the Opel development centre would be held with Segula and three other car service providers (Altran, Akka, Bertrandt). These moves are part of the restructuring program called PACE!, which the Opel works council and the IG Metall union signed off on last year, shortly before the takeover of Opel and Vauxhall by the PSA group.

Following a slice-and-dice tactic, the cuts agreed to by the unions so far have been implemented step by step. As car expert Ferdinand Dudenhöffer told broadcaster ZDF in July, the board and the unions had “deliberately not announced everything all at once”, because otherwise “one would have been afraid of triggering a revolution or a strike”.

Acknowledging the value of the unions, management at the Rüsselsheim Development Centre announced in early September, “We want to discuss with our social partners exactly how the selection of employees [who would switch to Segula] will take place.”

At the end of July, PSA and Opel management announced that the company had generated a profit of

more than €500 million in the first half of 2018, making money for the first time after nearly twenty years of losses. The reason for this was not an expansion of sales, however. On the contrary, Opel's European market share continues to shrink and is only about half what it was in 2010. At that time, Opel had a market share of 10.2 percent, now it is only 5.6 percent.

Profits have increased, company officials boasted, due to a reduction of fixed costs by 28 percent over the last twelve months. This "success" has been achieved through the collusion of IG Metall and other unions in the increased exploitation of the Opel workforce and attacks on contract workers and subcontractors.

In Opel plants outside Germany, around 17,000 workers are being blackmailed into giving up past gains and their jobs are being systematically decimated. With the help of the respective national trade unions, PSA and Opel/Vauxhall in the United Kingdom, Poland, Spain, Hungary and Austria have reduced wages by threatening to close factories. But all the concessions accepted by the unions have not saved jobs. The workforce is still threatened with job losses, such as in the Opel plant in Vienna-Aspern, where 600 of 1,400 jobs will be cut by the end of next year.

A worker familiar with the conditions at a PSA Citroën plant in Spain told the *WSWS Autoworker Newsletter*, "The union does nothing to protect workers. If you don't vote for one union or another you get in trouble. Management will hire a person in the morning and they will quit by lunchtime because of the pressure to meet production quotas. They're always looking for new people. The new hires will get paid €800 and will have to do the same work as senior workers making €1,500 a month."

The contracts for hundreds of temporary workers have been terminated at Opel plants in Germany since the turn of the beginning of the year. Meanwhile, short-time working has been introduced on the assembly lines, and the IG Metall is supporting gradual job cuts and wage reductions.

In May 2018, the union approved a management plan for the destruction of twenty percent of permanent jobs. By 2019, 3,700 of today's approximately 18,500 employees will be pushed out "voluntarily" by means of partial retirement, early retirement and severance payments. This means the permanent loss of better-paid and more secure positions for the next generation.

Union representatives have also agreed to other labour cost reductions. Opel workers are being forced to give up

the wage increases agreed to in February in the metalworking and electronics industries. The concessions were sold to the workforce by the IG Metall officials as the cost for supposed job guarantees until 2023. The worthlessness of this promise can be seen in the recent sell-off of the Rüsselsheim development centre, where Opel workers will be handed over to lower paying subcontractors.

The pledges by PSA to "further invest in all locations" are always linked to the statement "if these plants remain competitive". The viability of the production plant in Eisenach is particularly uncertain. Some 450 out of 1,300 posts are to be slashed, which is one in three jobs. The long-term continuation of two-shift operations in Eisenach is also uncertain.

In addition to the decline in sales the impending conversion to electric cars could lead to the destruction of 100,000 jobs in the German auto industry over the next few years, according to a study conducted by the Fraunhofer Institute in June 2018. In drive train technology, almost half of jobs could be wiped out.

This has aggravated the situation not only at Opel, but also in other car companies. Ford is already speculating about the fate of its production plant in Saarlouis, near the French border, and its development centre in Cologne.

In the face of this attack autoworkers must take the initiative by building rank-and-file factory committees independently of the IG Metall. These committees must fight to unite workers throughout Europe, North America and around the world in a common struggle to defend the right of all workers to good-paying and secure jobs. This must be combined with a political struggle for a socialist policy, including the transformation of PSA and the auto giants into public enterprises, collectively owned and democratically run by workers themselves.

The *World Socialist Web Site* and the Socialist Equality Party are committed to assisting workers in the construction of such independent workers' organizations and fighting for this program.



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