20,000 jobs and six plants threatened at German tire maker Continental

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The auto supplier and tire manufacturer Continental plans to cut at least 20,000 jobs over the next 10 years and close five plants worldwide. The company plans to wipe out 15,000 jobs by 2024 and has not ruled out compulsory redundancies.

The company's executive announced what is alleged to be its biggest ever reorganisation on September 25 following a supervisory board meeting in Hanover. According to the announcement the company plans to invest more than €1 billion in software development and electro-mobility. However, the board also made crystal clear that employees will have to pay for the conversion in production. The slashing of 20,000 jobs, or 8 percent of company's current workforce of 244,000, is expected to reduce gross expenditure by €500 million each year from 2023 onwards.

Six Continental factories are to be closed worldwide. These include the plant in Roding (Upper Palatinate, Bavaria) with 540 employees and in Limbach-Oberfrohna (Saxony) with 1,230 employees, the factory in Pisa (Italy) with almost 1,000 workers, a plant in Malaysia and two factories in the United States. The two US plants are in Newport News, Virginia (740 employees) and Henderson, North Carolina (650 jobs). In Malaysia, 270 workers are affected at the Continental plant in Petaling Jaya.

At the Babenhausen site in Hesse, 2,250 out of a total of 3,600 jobs are to be cut. In order to "reduce costs in development to a competitive level" (as stated in a company press release), research and development activities are to be withdrawn from the location.

With its attack on jobs, the company is reacting, as the press release states, to "the decline in global auto production." The company's "Strategy 2030" took into account "several parallel developments: an increasingly digitised world of work, the looming crisis in the auto industry and the accelerated technology change in the motor sector due to stricter emissions legislation."

Additional major factors playing a role are the upcoming Brexit and trade war with the US. German car exports to the US and China fell by over 20 percent in the first half of 2019. "We are not slipping into the crisis, we are in the middle of it," complained Continental CEO, Elmar Degenhart, on the sidelines of the IAA Motor Show.

For the past 10 years, the group has been controlled by the super-rich Schaeffler family, which holds 46 percent of shares and is majority shareholder. The board's response to the global crisis follows a well-known pattern: workers must suffer in order to rescue share prices and profits.

To this end companies such as Continental have been able to rely for decades on the services of the two German unions, IG Metall (IGM) and IG Chemie.

Following the recent meeting of the supervisory board, IGM board member Christiane Benner said that the company's so-called "employee representatives" had "not agreed to close sites in Germany." On the supervisory board they had merely supported "an open-ended audit." Benner is the deputy chairman of the Continental supervisory board and takes home over €200,000 a year. The money allegedly benefits the union-friendly Heinrich Böckler Foundation.

Already last year IG Metall in Roding negotiated a social plan for the reduction of 300 jobs at the end of 2023. The union submitted a supplementary contract, requiring employees to waiver their wage increase, allegedly "to save the remaining jobs." At the same time IG Metall has created the framework for the gradual loss of 900 jobs at the parent company, Schaeffler, via its "future agreement" of April 2018. Schaeffler is also wiping out jobs throughout Europe.

In 2018, Continental CEO Elmar Degenhart took home a salary of €4.8 million and Maria-Elisabeth Schaeffler and her son Georg Schaeffler occupied sixth place in the ranking of richest Germans. For their part workers have had to accept financial concessions and renounce the gains they would have received under the company's contract agreement—without making their jobs any safer.

IG Metall has intensified its nationalism since the beginning of the global car crisis. Christiane Benner's statement that trade unionists had not "agreed to close sites in Germany" implies that they did consent to the closure of factories in Italy, Malaysia and the United States.

IG Metall is openly committed to defending "Germany as an industrial location" against its international rivals. At an industry conference in Berlin on September 24, the union formed a pact with German CEOs and the German government aimed at "structural change", i.e., the dismantling of hundreds of thousands of jobs in the face of inevitable resistance in the factories.

In fact, as the press statement by Continental asserts, the problem is not in fact the introduction of modern technologies or "stricter emissions legislation." The real problem is the insatiable greed of capitalists and investors. The hunt for ever bigger profit margins is the engine that drives the murderous competition on the world market and inevitably leads to trade war and war. In order to stop this dangerous development and to overcome capitalism, workers need a socialist and international program.

Above all, they must draw the necessary lessons of past decades and break with the German (DGB) unions. The *World Socialist Web Site* and the Socialist Equality Party propose workers form independent action committees to link up with the workforces from other locations and countries. The potential for such a development undoubtedly exists.

Ten years ago, Continental implemented a huge wave of redundancies and plant closures. Schaeffler had just taken over the three times larger tire manufacturer and auto supplier when the global stock market crisis broke out. In order to meet the banks' credit requirements, workers at all of the company's plants were subjected to a brutal austerity program. Several factories were closed, including a tire factory in Clairoix, France and the truck tire factory in Hanover-Stöcken.

The French workers occupied the factory in northern France and made contact with their German colleagues in Saargemünd and Hanover. When workers from Clairoix and Lower Saxony demonstrated jointly through Hanover on April 24, the board was alarmed. In order to stifle an international labour dispute, company management quickly offered the workers relatively high severance pay. With the help of the union, Continental was then able to recuperate its investment via new wage concessions and plant closures. In Germany, Continental implemented a wage cut of 17 percent in 2009 with the help of IG Metall and IG Chemie, the Social Democratic Party and the Left Party.

Workers stand at the crossroads and they must choose a new path. Together—and independently of the bureaucratic apparatus—they must defend their jobs and social achievements. Passing on their interests to the "employee representatives" of IG Metall and IG Chemie means simply to voluntarily subordinate themselves, hands tied, to the dictates of the insatiable stock exchanges.

Currently in the US, nearly 50,000 General Motors autoworkers are taking strike action despite all the efforts of their corrupt union to force them back to work. The German unions and the IGM have effectively blacked out news of the strike, now in its third week and the first such nationwide action by US autoworkers for many years. Continental workers must defy the unions and extend the hand of solidarity to their US brothers and sisters. The WSWS will do everything it can to facilitate such solidarity and help to develop and organize a joint international struggle.