

# After French bailout, Renault-Nissan announces global jobs massacre

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After the French government announced plans last week for a €5 billion bailout of automaker Renault, due to the economic fallout from the COVID-19 pandemic, the Renault-Nissan alliance is about to announce plans for an international wave of plant closings and layoffs.

President Emmanuel Macron is scheduled to speak today on his government's plan to "rescue" the French auto industry. This will be followed by the release of Renault-Nissan's "strategic plan" on Wednesday, May 27, and the unveiling of further details of its cost-cutting plans on Friday, May 29. Last February, Renault-Nissan laid out a €2 billion cost-cutting plan to boost corporate profits and ensure that any public bailout money leads to even greater profits for private investors.

Details of the new restructuring measures planned by Renault were leaked by an anonymous source to the Parisian weekly *Canard enchaîné*. According to the publication, "Four plants will be closed in France: Choisy-le-Roi, Dieppe, and Fonderies de Bretagne. The biggest one—Flins (where the electric compact car Zoe and the Nissan Micra are assembled)—will come later." The financial press reported official sources saying that taking a public bailout "does not mean giving up on slashing jobs."

Nissan, which had already announced in 2019 its intention to cut 12,500 jobs worldwide, now plans to cut 20,000 after the pandemic, Japan's *Kyodo News* reported. This is 15 percent of its workforce. Spanish factories are especially threatened, notably plants at Zona Franca, Montcada and Sant Andreu de la Barca. In 2019, the company also announced plans to slash jobs in Japan, Britain, Mexico, India and Indonesia, among others.

Workers at Montcada have been on strike since May 4, and Nissan's Sunderland plant in Britain is also potentially threatened with closure.

The use of billions in public funds to destroy tens of thousands of jobs, a decade after the Wall Street bailout,

will provoke legitimate outrage among workers internationally. While governments and central banks hand trillions of dollars and euros to the ruling class, it uses these resources in an utterly parasitic fashion. Even as a raging pandemic kills hundreds of thousands, Renault-Nissan is not using these funds to save jobs or retool to produce critical health equipment, but to slash jobs and try to profit from an ongoing global restructuring of the auto industry.

This is a warning of the global jobs massacre being prepared in industries from airlines and travel to auto—where at least 100,000 job cuts were planned even before the pandemic. Vast corporate bailouts are being announced, with €300 billion from the French state, and two slices of €750 billion and €540 billion from the European Central Bank. This plundering of public coffers, planned with the union bureaucracies in each country, sets the stage for enormous attacks on workers.

On May 19, talks between Renault, private banks and the French state (which holds 15 percent of Renault's shares) led to a state-backed bailout of €5 billion to Renault.

Renault skipped ahead of countless firms in France, 500,000 of which have applied for emergency loan assistance to deal with the collapse in business activity during the pandemic, and many of which are in imminent danger of bankruptcy. Renault had €10.3 billion in cash reserves in late March and monthly expenses of €600 million, with plant operations suspended worldwide. However, Renault management told *La Tribune* that it would have been "reckless not to ask for state aid."

The only condition for the loan, according to sources who spoke to the press, was that Renault not pay out dividends this year. It can, however, choose its repayment terms in coming years, including how to distribute profits made off public funds obtained in 2020. Renault has no legal obligation to avoid layoffs or plant closures under

the terms of the bailout.

Vast COVID-19 bailouts are not serving to meet urgent needs posed by the pandemic, but to finance previously planned corporate restructurings amid a global transition toward electric cars and a global economic slowdown already underway before the pandemic. Renault CEO Clotilde Delbos announced the €2 billion cost-cutting plan on February 14, just after announcing a net loss in 2019, for the first time since 2009, of €141 million. Falls in economic activity in China and Iran due to US trade war measures have particularly hurt the automaker.

In April, Nissan, which has 1.14 trillion yen (€9 billion) in cash reserves, asked for 500 billion yen in loans from public and private banks in Japan. “We have enough liquidity for current operations, but we are examining different possibilities if a crisis arises in future,” said Nissan spokeswoman Azusa Momose. Nissan expected to make only 4.6 million vehicles in 2020, though its production capacity is 7 million.

The two corporations are linked by mutual capital holdings: Nissan has 15 percent of Renault stock, while Renault holds 43 percent of Nissan stock.

For now, the French government is trying to lull workers to sleep, claiming that Macron’s speech today will be about defending ecology and French industry.

An anonymous official told AFP that Macron is preparing a general plan to support automakers: “This plan has different components: industrial sovereignty, transition to clean vehicles, and also ensuring industrial competitiveness.” The official said he would stress “the industrial stakes, the stake in jobs and transforming the industry to transition and convert to clean vehicles.”

In fact, even Macron’s ministers are signaling that they will accept massive job losses everywhere, including in France. “We will be very demanding, France must remain Renault’s global center for engineering, research, innovation and development,” said Prime Minister Édouard Philippe, adding only, “We will be very mindful of the quality of social dialog and policy.”

Economy Minister Bruno Le Maire said Renault’s “survival” is at stake, while indicating that he opposes closing the Flins plant—passing over the three other plants in silence.

The struggle against these reactionary bailouts, which force workers and the public to finance their own impoverishment, requires the construction of an international movement among workers. Against transnational companies, which shift production from one country to another to maximize profits, the opposition of

autoworkers, including strikes and other struggles, can only be effective if it is mobilized across national borders. This requires building rank-and-file committees of action independent of the nationalist and pro-capitalist trade unions.

The French unions are not even organizing symbolic protests. Instead, union officials have attended talks with representatives of the government and Renault since April and have kept a deafening silence on what was being planned. After the *Canard enchaîné* report, Philippe Martinez, the head of the Stalinist General Confederation of Labour (CGT) union, responded with impotent and nationalist rhetoric. “We are very upset. What Renault needs is to produce Renault cars in France and work on creating French jobs.”

Jobs must be protected not just in one country, but across the world. Renault’s massive cost-cutting plan also underscores the bankruptcy of Martinez’s Spanish counterpart, Unai Sordo, the boss of the Stalinist Workers Commissions (CCOO) union. While isolating the Montcada strike, Sordo asked the Podemos-social democratic government in Spain to beg Renault for relief.

The pandemic and the dangerous and premature back-to-work policy of the national governments and trade unions further underscores the bankruptcy of the existing social order. Only a politically independent and international struggle by the working class, fighting for socialism against the diktat of the banks over world industry, can protect lives and jobs. Instead of bailing out the giant corporations, they should be transformed into public utilities under workers’ control, and run as part of a world socialist economy based on social need, not private profit.



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