German automotive supplier Continental doubles job cuts

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7 September 2020

The automotive industry is facing an unprecedented jobs massacre in which workers in the supply chain are its first victims. Major automotive supplier manufacturer Continental has announced the elimination of 30,000 jobs worldwide out of a total workforce of 232,000. The coronavirus pandemic is now being used as an opportunity to shift the costs of the crisis onto the backs of the working class and to push ahead with cost savings that were already planned because of the move to electric motors.

The crisis in the automobile industry is bigger and more intense than anything in the past 70 years, Continental boss Elmar Degenhart told news agency Reuters. The cuts programme, “Transformation 2019-2029,” adopted last autumn, had originally envisaged cost reductions of €500 million and the elimination of 15,000 jobs. Now, one billion euros are to be saved by 2023 with twice as many job cuts as those planned last year.

The company, which has been consistently profitable over the last ten years and received an additional €72 million in subsidies from the German government over the last 13 years, is now cutting 13,000 jobs in Germany alone. That is almost one in four jobs, twice as many as planned for last year. The job cuts affect all locations. Unprofitable business units are to be sold off.

The plant in Karben/Hesse—with 1,100 employees, including some 200 temporary workers—manufactures components for air conditioning systems, speedometers and driver assistance systems, and is to be completely closed down by 2024. The automotive site in Nuremberg is to be closed by the end of 2022, and the Vitesco site in Mühlhausen by the end of the same year.

The Frankfurt Rödelheim plant is to lose 500 jobs, with further jobs to be cut in Babenhausen, Schwalbach, Oppenweiler, Nuremberg, Mühlhausen and Roding. At the same time, 2,000 jobs have already disappeared since the announcement of the cuts programme last year.

A company spokesman emphasized to the press that talks were still ongoing and that “confidentiality had been agreed.” The Group Management Board and the trade union are currently working together on how to implement the planned cuts.

Christiane Benner, Deputy Chairwoman of IG Metall and of the Continental AG Supervisory Board, has called for “a business strategy geared to the future” and has already announced that IG Metall will agree in principle to structural changes. This would depend on their “concrete form.”

For many years, the union has systematically urged the Continental workforce to make ever more far-reaching concessions through so-called “supplementary collective agreements.” Among other things, workers were pushed to give up the alignment of their wages to the level of the regional collective agreement, with the IG Metall claiming that this would secure production in Germany.

Wage “sacrifices” have never secured jobs but ensured the profits of shareholders and company owners. The constant cuts have only prepared the final closure of several sites and the current job cuts.

Since 2006, a lot of money has been saved through wage and salary concessions at German plants, Frank Grommeck, chairman of the Karben works council, told the *Wetterauer Zeitung* newspaper when hundreds of employees protested against the plant closure there on Wednesday. The money saved was used to build new plants in Lithuania and the Czech Republic, where wage levels are considerably lower. After the plant closure, the remaining parts are to be relocated there.

At the Continental plant in Babenhausen too, the works council and IG Metall had already agreed years ago to an increase in weekly working hours—free of charge for the company—to "support the plant."

The job losses that have now been announced in the supplier groups and companies, as well as the manufacturers, are only the beginning. The management consulting firm PricewaterhouseCoopers (PwC) assumes that the entire automotive supplier industry, with some 187,000 employees in Germany, will face a wave of insolvencies in the autumn. Smaller companies would be bought up or disappear from the market altogether.

The VDA industry association estimates that 60 percent of companies are currently negotiating a reduction in staffing levels; with short-time working operating at 93 percent. The current suspension of the legal obligation to file for insolvency means the expected wave of bankruptcies will not begin for several months. The association estimates that some companies intend to cut up to 40 percent of jobs. Business daily *Handelsblatt* assumes that the crisis in Germany means there will be "around 100 fewer suppliers."

Even now, the already announced cutback plans give a glimpse of what is involved:

* The Board of Management of ZF Friedrichshafen AG, one of the five largest automotive suppliers, announced in July this year that an agreement on the "structural realignment" of the company had been reached with the General Works Council and the unions. Worldwide, 15,000 jobs are to be cut in the coming years, half of them in Germany. Since mid-2019, the company has already cut 5300 jobs worldwide, 3,800 of them this year.

* Last year, Bosch already announced the elimination of 1,600 jobs.

* Mahle has already cut 400 jobs in Stuttgart and 770 in Luxembourg. The Italian plants at La Loggia and Saluzzo, with 450 workers, will be closed. Production in Rouffach, France, with 240 employees is to be discontinued.

* Deutz AG has also negotiated an "efficiency programme" with the IG Metall trade union called "Transform for Growth." Sabine Beutert, the Cologne-based IG Metall membership advisor, announced that Deutz would first "sack temporary workers." The company wants to save €100 million a year—a total of 1,000 jobs are to be cut in the company's plants in Cologne-Porz, Ulm and Herschbach. Of the total of about 4,700 employees, the contracts of 380 temporary workers have already expired in the first half of the year. Another 350 employees are to be forced out of their jobs as part of a "volunteer programme."

* Eisenmann, the Böblingen-based manufacturer of painting systems for the automotive industry, will be broken up. The 650 workers will have to register as unemployed after three months in a "qualification company" from December 8, negotiated with the IG Metall.

* Cable manufacturer Leoni in Nuremberg, with a total of 95,000 employees worldwide, including 4,700 in Germany, received a state guarantee of 330 million euros. Plants in the United States, North Africa and Europe have already been closed. By the end of 2019 2,000 workers were already laid off.

The corporations are working out the job cuts with the IG Metall or other unions such as the IG Bergbau, Chemie, Energie. "There is already a lot going on in the background. Talks have been going on for a long time," reports Norbert Heinz whose consulting business advises medium-sized supplier companies.

Every day, the unions prove that they are on the side of the corporations against the workers. Many Continental workers responded with anger and tears at the rally on Wednesday in Karben. Now the lessons must be learned.

The unions will not wage a genuine fight to defend jobs, wages or conditions. The initiative must be taken by independent factory committees, which join forces with their colleagues nationally and internationally to fight for the defence of every workplace throughout the industry. This can only be done with a socialist programme that prioritises workers' interests, takes the factories into collective social ownership in opposition to the profits drive of the corporations.