Germany: Siemens Energy announces thousands more job cuts

Elisabeth Zimmermann
5 February 2021

On February 2, Siemens Energy announced 7,800 job cuts and at the same time reported an annual profit of almost €100 million. Trade union IG Metall supports the job destruction plans in the name of cost-cutting. Together with the Siemens executive and the union-run works council, IG Metall presented its "Future Agreement 2030," which provides the framework for the company to shed jobs.

The figures, presented by company CEO Christian Bruch on Tuesday, relate to the first quarter of the 2020–2021 financial year, the period from October 1 to December 31, 2020. Following losses the previous year, Siemens Energy now made an after-tax profit of €99 million. The company's sales also increased slightly. Bruch's simultaneous announcement to cut 7,800 jobs worldwide by 2025, including 3,000 in Germany, was met with considerable concern by Siemens total workforce of 90,000.

The plan envisages the elimination of every 12th job by 2023. Bruch justified the job cuts by arguing that costs in the company's fossil energy business (coal, gas and oil) should be reduced by at least €300 million per year. Above all, the profitability of Siemens Energy is to be increased from 6.5 percent to 8.5 percent by wiping out thousands of jobs and intensifying productivity and stress for the rest of the workforce.

Shares in the MDax-listed company reacted positively and showed significant gains following the announcement. With the job cuts due to take place mainly in the company's gas and power (fossil fuel) sector, workers in plants in Mülheim/Ruhr, Duisburg and Berlin in particular fear for their jobs.

Up to 370 jobs are expected to be cut at Siemens Energy Duisburg and at least 600 at the Mülheim/Ruhr plant. Many jobs could also be affected in the Nuremberg-Erlangen area and other regions, for example at the company factory in Görlitz. According to the company, three quarters of the job cuts will take place in management, administration and sales. Savings are also to be made in purchasing and with the use of external service providers, as well as by optimising logistics and the company's information technology division .

The company wants to withdraw from the construction of power plants and gas turbines and invest more in technology for renewable energies. The job cuts now announced and the associated cost reductions are primarily intended to strengthen the competitiveness of Siemens Energy, according to CEO Bruch.

Siemens Energy is currently headquartered in Munich, but the corporate headquarters is soon to be moved to Berlin. The longstanding seat of the company, Erlangen, dates back to the time when Siemens Energy was still part of Siemens AG under the name Energietechnik. This division was outsourced last year and floated on the stock exchange as an independent company, Siemens Energy.

As was the case with Medical Engineering, which now operates under the name Siemens Healthineers, the outsourcing is in line with the overall plan to split Siemens into several divisions, leaving each company to fight for its survival. The main instigator of this restructuring plan was Siemens CEO Joe Kaeser, who is now stepping down from the top post at Siemens AG to become chairman of the supervisory board at Siemens Energy.

The Siemens energy sector had already been subjected to massive cost-cutting measures and job losses before its outsourcing. For example, over 6,800 jobs have been eliminated since 2018 in order to make the sector ripe for its spin-off.

All these attacks on workers were pushed through with the full support of IG Metall and the Siemens works councils and this will be no different in the newly formed company.

At the end of January, just a few days before the announcement of the huge job cuts, the Siemens Energy board, IG Metall and the company works councils signed the so-called “Future Agreement 2030.” According to the agreement, the restructuring of the company is to take place “as much as possible” without plant closures and compulsory redundancies. “Necessary personnel adjustments” are to be implemented as much as possible through “voluntary” measures such as severance agreements, internal qualification, transfers, etc.

A press release from Siemens Energy dated January 29, 2021 states: “The Future Agreement 2030 provides for existing locations in Germany to be maintained in principle and no plants to be closed if possible. The parties assume that, as much as possible, no compulsory redundancies will be made as part of the transformation. The common goal is to enable necessary staff adjustments through so-called ‘voluntary measures.’ These have priority over compulsory redundancies.”

The text does not explicitly exclude site closures and compulsory redundancies, and the phrase “if possible” leaves a door open for every contingency. Also, in the majority of cases, “voluntary measures” are never genuinely voluntary, but rather the product of intense pressure exerted on workers by both their factory superiors and union representatives. Nevertheless, the agreement has been praised by IG Metall and works council representatives, who were most likely instrumental in drafting and formulating the deal, based on their decades of expertise in enforcing job cuts and other attacks on workers.

Robert Kensbock, chairman of the joint works council of Siemens Energy, described the agreement as a “clear commitment to Germany as a location and to employees” and emphasised: “We agree with management that even in the case of conflicts over content, finding an amicable internal solution should always have priority.”

The “commitment to Germany as a location” underlines the nationalist stance of the union bureaucrat. The idea that workers could lead a struggle to defend jobs across plant and national borders is furthest from his mind. In defence of their own privileges, IG Metall and the works councils are prepared to accept all attacks on workers’ rights. They regard and understand themselves to be co-managers and company police.

Workers therefore must regard the emphasis on finding an “amicable internal solution” to substantive conflicts as a warning. In the case of conflicts, i.e., failure to agree to a “voluntary severance agreement,” the works council finds itself on the same side as the company against the workers.

Jürgen Kerner, member of the IG Metall executive and also member of the supervisory board at Siemens Energy, is full of praise for the “Future Agreement”: “The change in energy supply we all want presents Siemens Energy with major challenges with massive consequences not just for its products and activities, but also for sites and employment.” Of particular importance for Kerner is the commitment on the part of company management to the German corporatist principle of “co-determination” and the safeguarding of the privileges and posts of the IG Metall and works council representatives.

A press release from IG Metall Berlin dated February 2 stated that 500 jobs could be shed at Siemens Energy in Berlin alone. The release acknowledges that the company is cutting 7,800 jobs worldwide in order to increase its profitability at the expense of the workers, but then states: “IG Metall and the joint works council have been able to prevent even worse happening with an agreement on the future.”

By drafting and agreeing to the “Future Agreement,” IG Metall and the central works council had already provided the framework before the huge job cuts at Siemens Energy were announced, thereby sabotaging any struggle to defend jobs across factory and national boundaries.

This makes it all the more urgent for the workers and employees at Siemens Energy to organise themselves independently of the trade unions into action committees to fight for the unconditional defence of all jobs and unite with their colleagues internationally. This struggle requires an international socialist programme and the building of the Socialist Equality Party. Please contact the *World Socialist Web Site* for support in this struggle.