

A huge jobs massacre is unfolding in Germany's auto industry

Dietmar Gaisenkersting
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A jobs massacre is unfolding in the German auto industry, the likes of which the sector has not seen since the Second World War. For some time now, manufacturers in Germany and their suppliers have been using the transition to electric vehicles (EV) to cut jobs and increase exploitation. In the meantime, they have fallen behind in the global competition because their competitors offer cheaper and technically more sophisticated models.

On Friday, the Munich-based Ifo Institute reported a further decline in business expectations in the German automotive industry based on a company survey. To ensure that their returns continue to rise, shareholders are now unequivocally demanding that the 800,000 or so workers employed by manufacturers and their suppliers must take a beating.

No jobs, no social benefits, no working conditions, no wages are safe. Studies predict that up to 40 percent of jobs will be lost as a result of the switch to EVs, which would mean more than 300,000 jobs going.

The harbingers of this earthquake are becoming ever clearer. In 2022, the Federal Statistical Office reported a year-on-year decline in employment of just over one percent, or 11,800 employees, in companies producing motor vehicles and motor vehicle parts. Most recently, 774,300 people were employed in this sector, 60,000 fewer than in the record year of 2018.

The supplier industry is particularly affected. The decline in employment there was 6 percent compared to the previous year, the sharpest fall in percentage terms since 2005. With an average of 273,900 employees, the level of employment among suppliers fell to its lowest level since 1997.

Reports in recent weeks indicate that this trend is set to worsen.

The Volkswagen Group has sales problems, especially with its electric models. At a general meeting in its Wolfsburg headquarters at the beginning of the week, VW brand boss Thomas Schäfer declared that “the VW brand” was “no longer competitive.”

The “efficiency programme” pushed forward by VW Group CEO Oliver Blume aims to save €10 billion by 2026 and increase the VW core brand's return on sales from 3.4 percent to 6.5 percent. This can only be achieved through massive job cuts. Schäfer emphasised that it was therefore necessary to “tackle the critical issues, including personnel.”

At the VW software subsidiary Cariad, 2,000 of the 6,500 jobs will be cut over the next two years.

VW's Zwickau site, which employs 10,000 and is the first to exclusively produce electric cars, is cutting back production due to weakening demand. Production of the ID.3 and the Cupra Born is being paused for the rest of the year, as the production target has been

completed. After the temporary contracts of 269 employees were not extended this year, 500 temporary jobs are to be cut next year.

Meanwhile, the IG Metall union and the works council are working at full speed on new mechanisms to cut thousands of jobs. VW personnel director Gunnar Kilian, who came over from IG Metall, warns: “We have to reduce our costs and manage with fewer staff.” He wants to make the targeted use of partial retirement to cut jobs.

Works Council Chairwoman Daniela Cavallo supports the cutbacks and wants to implement them in a “socially responsible” manner. VW brand boss Schäfer urges: “Now we have to finalise the key points of the agreement together with the employee side by the end of the year.”

At Ford in Cologne, it is still not clear which electric model will be built and when in the completely remodelled factory. Thousands of jobs will be cut in research and development and administration. In development alone, around 1,700 of the 3,600 employees are to leave the company over the next three years. The research centre in Aachen, which most recently employed a good 200, will be closed in just over six months.

At a plant meeting on Thursday, it was announced that the entire product development operation at the Cologne-Merkenich site will be outsourced to a separate limited company. This is usually the first step in downsizing or divesting a business unit.

Meanwhile, the works council in Saarlouis is winding up the Ford plant there. Since the company announced a year and a half ago that the plant would be closed, the works council has been stringing along the workforce until investors supposedly arrive and at the same time cutting jobs. This year alone, 650 jobs have been cut, and on January 1 the number of employees will fall by a further 250 to 3,850.

Nobody believes in new investors anymore. The works council, led by Markus Thal, is crafting a so-called “social collective agreement” for 2,850 employees in Saarlouis, who will lose their jobs by mid-2025 at the latest. A thousand are to be able to continue working on a short-term basis until 2032.

In the meantime, it is apparent that Opel will disappear from the market in the short- rather than the medium-term. Sales of Opel and its British sister brand Vauxhall have almost halved to 428,000 vehicles in Europe in the last seven years. Since the takeover of Opel by the French group PSA (Peugeot/Citroën)—now Stellantis—in August 2017, many thousands of jobs have been cut at the car manufacturer.

In particular, the development centre and the administration in Rüsselsheim are gradually being wound down. At the end of 2021, 7,000 people still worked there, but parts have now been sold and thousands of jobs have been cut. Last week, around 100 employees in the Computer Aided Design (CAD) department were informed, in part

via video conference, that their department would be closed.

In Italy, the Stellantis Group, which was created in 2021 through the takeover of Fiat Chrysler Automotive (FCA) by PSA, plans to cut 15,000 of the remaining 45,000 jobs.

ZF Friedrichshafen, Germany's largest supplier after Bosch, is currently playing out all possible redundancy scenarios in order to put pressure on its 165,000 employees worldwide. In this context, the management is threatening to cut more than 7,000 jobs at the Saarbrücken plant. Around 10,000 employees there currently still produce transmissions almost exclusively for vehicles with combustion engines.

Plant management and works council representatives are using these threatening scenarios to develop so-called "target image processes" for future orders. Based on these fictitious plans, massive concessions are then extorted from the workers and supposed "plant safeguarding contracts" are agreed that are not worth the paper they are written on. This is what happened, for example, to the 5,500 employees in the commercial vehicle division at the Friedrichshafen site. Truck, railway and marine gearboxes are manufactured there, among other things.

The 590 workers at the Eitorf site near Bonn in North Rhine-Westphalia and their 350 colleagues in Gelsenkirchen will lose their jobs over the next few years. The Group Works Council expects the shock absorber plant in Eitorf to close its doors by 2027 at the latest.

The ZF site in Gelsenkirchen, which has long been threatened with closure, will close even faster. As production of the remaining steering systems and cable harnesses is now coming to an end, ZF management says that "the basis for production at the location will be lost in the coming months." In these two ZF plants, job security will end at the end of the month.

Piston specialist Mahle (with almost 72,000 employees at the end of 2022) is also restructuring its production. It was only in August that the Stuttgart-based company sold its entire thermostat division with around 600 jobs. Thermostats are used to regulate the cooling water temperature of internal combustion engines and are therefore less in demand with the move to EVs.

Just a few weeks ago, Mahle concluded a new future collective labour agreement with IG Metall, which rules out compulsory redundancies at the German sites until 2025. But in Germany, jobs in large companies are rarely destroyed using compulsory redundancies. An army of trade union officials and works council reps are working on plans and mechanisms to achieve this using different means.

Mahle is now also taking a different approach. In Wustermark, Brandenburg, where pump systems are produced, the company has converted the site into a limited company. IG Metall has announced that Mahle could separate the entire site from the corporation and sell it.

The 410 employees of Vibracoustic in Weinheim (with around 12,000 employees worldwide) were informed in mid-November that their jobs would be relocated to France and India. They manufacture rubber anti-vibration systems and air suspension systems to reduce noise and vibrations in vehicles.

The tire industry in Germany is also under threat of redundancies. There are currently 12 tire factories in the country, four of which are to be closed in the coming years.

The US company Goodyear is ending its production in Fulda and Fürstenwalde, which have a total of 1,800 employees. French manufacturer Michelin is closing its truck tire plants in Karlsruhe and Trier by the end of 2025. In addition, the production of new tires and semi-finished products will be discontinued in Homburg. Michelin is

relocating its customer centre from Karlsruhe to Poland. More than 1,500 will be affected.

The automotive supplier and tire manufacturer Continental had previously announced it would be eliminating 5,500 administrative jobs worldwide, 1,000 of them in Germany. From 2025, €400 million are to be saved annually. Continental employs more than 100,000 people in the automotive business, around a quarter of them in administration.

These announcements are just the tip of the iceberg. But with all this bad news, the managers and executive board members can count on the support of their "social partners", i.e., the trade unions and the works councils, with whom they will "coordinate" the jobs massacre.

IG Metall and its works council reps take on the task of suppressing opposition within the companies and sabotaging any struggle in defence of jobs. They promote the reactionary view that workers and their exploiters share the same interests and that production sites can only be maintained by working together with the management to reduce "costs" and cut wages and jobs.

The trade unions and their works council reps divide workers between plants and play those in one country against those in all the others, like the Ford works council in the so-called bidding contest between Saarlouis and Valencia to see which plant would cut the most costs. In the end, there is nothing left on either side. While workers are made redundant with a pittance, the shareholders stuff their pockets, and the works council and trade union officials also make a handsome return.

In order to defend jobs, working conditions and wages, independent rank-and-file action committees must be set up in which the grassroots decide and which work together across locations, companies and countries. They must be based on the principle that the social interests of workers are more important than the profit gouging of the corporations, and become the starting point for building a mass socialist movement that organises society and production according to the needs of the majority rather than the interests of a small minority of the super-rich.

We call on all those working for automotive manufacturers and suppliers to get in touch with us. Send us a WhatsApp message to: +49 163 33 78 340 and register using the form below.



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