

In presentation to investors and in interviews

UPS outlines plans to close at least 200 facilities

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The UPS Workers Rank-and-File Committee is holding an emergency online meeting this Sunday, April 7, at 7:00 p.m. Eastern Time: “Organize the rank and file to fight the job cuts at UPS! Unite with autoworkers, tech workers and the whole working class against layoffs!” Register for the meeting here.

Join the UPS Workers Rank-and-File Committee to fight against the closures! Email upsrankandfilecommittee@gmail.com, or fill out the form below.

In an investors presentation held Tuesday in Louisville, Kentucky, top executives of United Parcel Service (UPS) announced plans to shutter 200 facilities in the United States and lay off thousands of workers, as part of their plans for the “Network of the Future.”

While previous layoffs have already been reported extensively by the WSWS, this is the first time that UPS has issued its comprehensive nationwide plan to slash jobs. UPS executives estimated that the company would save \$3 billion by the end of 2028 by consolidating facilities and implementing automation at the remaining hubs.

Earlier this year, UPS announced it would be laying off 12,000 salaried employees. This was quickly followed by mass layoffs of pre-loaders at facilities across the United States, including in New York and California. The ongoing jobs bloodbath at UPS is part of a wave of layoffs at the company and in virtually every industry across the globe.

The cuts are being enabled through the collaboration of the International Brotherhood of Teamsters, which rammed through a sellout contract last summer by deliberately concealing that these cuts were coming. Tuesday’s presentation underscores the urgent need for workers to take matters into their own hands, organize a rebellion against both management and the sellout artists in the union bureaucracy.

It also fully confirms the warnings made at the start of the year by the UPS Workers Rank-and-File Committee that “New technologies are being rolled out that can eliminate almost all of the work inside the warehouses. The jobs of nearly 200,000 part-timers at UPS are at risk.” That statement called for a “counter-campaign” by workers to defeat the attack on jobs.

In their slides presented to investors Tuesday, UPS executives outlined 63 sites in the US that would be targeted for automation by the end of 2028. These include hubs in Albany and Syracuse, New York; Mesquite, Texas; as well as Hartford, Connecticut; Chelmsford, Mass.; and Providence, Rhode Island.

Some of the facilities that will be consolidated—that is, closed—include the Windsor, Ashland, Leominster and Nashua Hub in Massachusetts. In Albany, New York, the NY Capital Village Center will be closed, as will the Chalk Hill Center in Texas.

In his slide presentation, Nando Cesarone, president of US domestic

operations at UPS, emphasized that the “Network of the Future” would bring “new automation and technology tools to materially improve productivity.”

This “highly productive network” will operate with “less dependency on labor,” a slide in Cesarone’s presentation explained. Another of his slides, titled “Actions We Are Taking Right Now” to increase “operating margin,” listed “Building and Sort Closures” as the top item.

Cesarone confirmed that UPS would be closing “40 sorts this year, up from 30 in 2023,” but he stressed that “every single work area is being scrutinized for automation opportunities, not just our sortation hubs,” per *Freightwaves*.

In his presentation, Bala Subramanian, chief digital and technology officer for UPS, highlighted the “strategic bets” the company was taking to boost profits. “Artificial Intelligence and Gen AI” and “Robotics and Automation” were the top items listed.

The last major presentation made clear how these cost savings would be squandered on the company’s wealthy investors. Chief Financial Officer Brian Newman outlined the “Capital Allocation Policy/Priorities” for the company; two of the four listed were a “stable and growing dividend” for shareholders and to use “excess cash” to “repurchase shares.”

Executives did not place an exact figure on the number of layoffs. But in an interview with Bloomberg Television following the presentation, UPS CEO Carol Tomé confirmed the company planned to boost profits by raising prices, including a 5.9 percent general rate increase this year, and automation.

Asked by her Bloomberg host to elaborate on the “layoffs coming,” and “what more should investors expect?” Tomé replied, “We have got to right-size our business, so we did make some decisions to do just that under our operating model of fit to serve. Moving past, though, is the very exciting opportunity that we have to drive out costs through automation.

“Did you know we have over 1,000 buildings in the United States? And many of these buildings were built 50, 60 years ago. ... As we looked at the buildings we said, ‘My gosh, we have an opportunity, actually, to consolidate buildings ... that aren’t automated into brand new, automated buildings and drive productivity.’”

By end of the “initial phase,” Tomé said UPS would have “400 buildings that are fully automated.”

“And with this automation,” she added, “we are going to drive out costs. We will drive out \$3 billion in costs between now and 2028,” with “half

of that" being "realized by 2026.

"And with end-to-end automation ... we don't need as many people to move the packages inside the buildings that we have today," she said.

In an interview with CNBC the same day, Tomé explained that the company's plans for mass layoffs was fully realizable due to "the cost nature of our new Teamster contract."

"We are very pleased with that contract," Tomé said. "The compounded annual average growth rate of wages and benefits is 3.3 percent over a five-year period, but it is front-end loaded.

"So ... in year one we want to grow our volume and our revenue and our operating profit dollars," she continued. "And then in years two and three we want to grow volume, revenue and operating profit margin.

"Why will margins expand past year one? Because we are going to anniversary the first year of the Teamster contract in August, and the cost growth rate drops *dramatically* after that."

Describing the "Network of the Future" as "one of the most exciting initiatives" in the last 100 years of the company, Tomé lamented that while the UPS delivery network was highly "integrated," it was "old."

The company is "going to collapse some buildings that we don't need any longer into larger, more automated buildings," she said. "We will invest to make this happen, we will invest about \$9 billion over five years, but in that five-year time frame, we will enjoy \$3 billion of savings, of which 50 percent will be recognized within the first three years."

The Teamsters bureaucracy, which has said next to nothing about the layoffs this year, continued its guilty silence after Tuesday's conference. Neither Teamsters President Sean O'Brien, nor the Teamsters social media accounts, have released a statement yet on the pending destruction of thousands of jobs, or what plans the Teamsters have to fight against the layoffs.

The silence of the union bureaucrats is not a mistake. They knew automation and the cuts it would entail were coming, yet they did nothing to fight to defend workers' jobs. Instead, they blocked UPS workers from striking together with actors and writers, who were already on strike and eager for reinforcements, and instead sold the rotten contract as "historic."

However, news of Tuesday's presentations spread like wildfire among UPS workers. "It's getting crazy here. They cut our hours again," a UPS worker from Philadelphia told the WSWS. "They laid off a pregnant woman today. She is having twins and has two kids at home. It's horrible."

José, an over 20-year UPS worker in Southern California, told the WSWS, "Hours are being cut. I know management wants to automate small sort in my hub."

Joseph, a feeder driver out of Chicago, said he was "worried" about his co-workers "inside the buildings.

"Two hundred facilities in the next four years, wow! How many jobs will be cut? Remember, Carol Tomé clearly said this new contract bites in the beginning but ridiculously smooths out in UPS's favor in the later years."

Joseph denounced the Teamsters for forcing a rotten contract down workers' throats that includes no protections from automation. "The best

contract ever,' huh? Of course, UPS had a plan. And our national union representatives delightfully surrendered any chance of delaying any of this automation agenda. Bait and switch."

He said everything about the contract struggle last year was "hush hush," adding, "No union reps would inform us of any talks in Washington. I guess they had a gag order or something."

Joseph said that while the Teamster bureaucrats were quick to denounce previous contracts as "horrible," the new contract was sold to workers as "the best in history."

"I could see through the smoke," he added. "Our flimsy union stewards are not representing us, much like politicians in office. Get elected and become blind and deaf to our needs."

Jerry White, the Socialist Equality Party's candidate for vice president, issued the following statement:

UPS is joining the long list of manufacturing, technology, retail and other corporations that are slashing jobs. This is the true face of Biden's supposed booming economy. After squeezing billions in profits out of the backs of workers, companies like UPS are using AI, automation and other technologies to toss millions of workers into the street.

These job cuts also expose the treachery of the Teamsters bureaucracy, which pushed through its "record" national contract last year based on lies. IBT President Sean O'Brien and other Teamsters officials knew these mass job cuts were coming and concealed it from the workers ...

The Socialist Equality Party is encouraging UPS workers to take the conduct of the struggle to defend jobs and living standards into their own hands by joining and building of the UPS Workers Rank-and-File Committee.

UPS workers must unite with autoworkers, postal, Amazon and all workers fighting job cuts. This struggle must be coordinated across national borders by expanding the International Workers Alliance of Rank-and-File Committees (IWA-RFC).

Joe Kishore, the SEP candidate for US president, and I call for the transformation of UPS and the rest of the giant logistics corporations into public utilities, collectively owned and democratically controlled by workers themselves. Only in this way can good-paying, safe and secure jobs be guaranteed for all.

Workers interested in joining the UPS Workers Rank-and-File Committee to fight back against the mass layoffs organized by the Teamsters and UPS, should get in contact with the committee by emailing upsrankandfilecommittee@gmail.com. Alternatively, you can fill out the form below.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact