

Massive job cuts in the German automotive and supplier industry

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A job massacre is unfolding in the German automotive and supplier industry. Jobs are being cut continuously, more and more every week. While economic experts and stock market analysts are sounding the alarm and worrying about the dividends of their rich customers, the IG Metall union remains silent and is enforcing the attacks on the ground.

The large corporations had begun to use the switch to electric vehicles to further reduce costs—i.e., maximise profits—by cutting jobs and passing on costs to suppliers, whose existence is threatened as a result.

However, the major car manufacturers themselves are now coming under pressure because demand for electric cars in Germany and throughout Europe is stagnating at best, rather than increasing, and Chinese manufacturers in particular are bringing equivalent but cheaper cars onto the market.

Data specialist Marklines prepared an evaluation of the capacity utilisation of German car plants in 2023 for the *Deutsche-Presse-Agenture (dpa)*. This showed that on average, they were only utilised to just over two thirds of their capacity. Capacity utilisation varied from just under 100 percent at Porsche in Stuttgart and 90 percent at Audi in Ingolstadt down to 30 percent of potential capacity at Opel in Eisenach. Several large sites were only operating at around half capacity, including VW's main plant in Wolfsburg and the Tesla plant in Grünheide near Berlin.

This trend has continued this year. The major carmakers have therefore immediately announced tougher attacks on their workers. Here are only the most important developments of the last two to three weeks.

Volkswagen boss Oliver Blume recently announced the intensification of his tough austerity programme at VW plants. "It's all about costs, costs, costs," said the boss of almost 700,000 employees worldwide. The need to economise applied "particularly to the core Volkswagen brand." According to Blume, the return there fell to 2.3 percent in the second quarter of this year. However, the target is 6.5 percent the year after next. In Germany, measures have therefore been taken "to reduce capacities by 25 percent," including, for example, the switch from three to two shifts.

Even the premium brands are not spared from this development. The closure of the Audi plant in Brussels, where

around 3,000 employees produce the Q8 e-tron, is currently being prepared.

The CEO of **Stellantis**, Carlos Tavares, has announced that some of the 14 brands of the world's fourth-largest car manufacturer may be discontinued in the future. *Reuters* quoted him as saying: "If they don't make money, we will shut them down. We can't afford to have brands that don't make money."

Stellantis currently combines the Citroën, Peugeot, DS Automobiles, Opel/Vauxhall, Ram, Dodge, Chrysler, Jeep, Fiat, Lancia, Abarth, Alfa Romeo and Maserati brands. There is speculation that Maserati may be sold and brands such as Chrysler, Lancia, Alfa Romeo and DS Automobiles may be closed.

US car manufacturer Tesla has announced that the planned increase in production capacity at its plant in Grünheide near Berlin from the current 250,000 to 1 million vehicles per year has been put on hold for the time being. Plant manager André Thierig told *dpa*: "We will not spend several billion on expanding the factory without the signals being very clear that the market will demand it."

The world's largest truck manufacturer, **Daimler Truck**, is also making savings in the face of falling sales, particularly in Asia and Europe. Around half of the approximately 12,000 employees at the headquarters in Wörth (Baden-Württemberg) are expected to be put on short-time working for several days from September. The current holiday period is already being used to reduce production.

Manufacturers' declining sales are intensifying the already planned job cuts at suppliers. Advanced mobility products supplier **ZF** has announced the biggest job cuts in its history. One in four jobs in Germany is to be cut by 2028 and locations are to be merged. Over the next two years, up to 14,000 jobs are to be cut, resulting in savings of 6 billion euros.

At **Bosch**, around 3,000 jobs will be cut worldwide in the Mobility division alone, while in Germany a total of 3,500 jobs will fall victim to the red pencil.

The automotive supplier and tyre manufacturer **Continental** had already announced the reduction of 7,150 jobs in its automotive division, including 5,400 in administration and 1,750 in research and development, in order

to reduce the division's annual costs by €400 million by 2025. On Monday, Conti announced that the automotive supply business would be floated separately on the stock exchange as part of a so-called spin-off. The profitable tyre division and plastics technology would then be separated from the loss-making business with brakes, electronics, displays and other parts for the automotive industry.

While the large suppliers are making savings, many smaller suppliers are struggling to survive. New insolvencies are reported every week.

Most recently, the long-established seat manufacturer **Recaro** in Baden-Württemberg was hit, with 215 employees affected by the insolvency. Management, IG Metall and the works council will be working out cutbacks for the employees in the coming weeks in order to continue operations.

BBS Autotechnik, known for its light alloy wheel rims, is insolvent for the fifth time since 2007. BBS had only acquired the insolvent plant of Superior Industries in Werdohl at the beginning of July.

After 2020, provisional insolvency proceedings were opened again on Monday for **Flabeg Automotive** from Nuremberg, which specialises in glass finishing and bending. Following redundancies last year, almost 190 employees are currently affected.

Thyssenkrupp Automotive Body Solutions plans to cut around 400 jobs in Germany due to declining demand. This mainly affects the Lockweiler site, which supplies components and machines for body construction. The parent company Thyssenkrupp is instead planning to expand its sites in India, China, Poland, Portugal and the USA.

The role of IG Metall

The managers and board members can rely firmly on the IG Metall union and their works council representatives to support them in these cutbacks.

In addition to short-time working at Daimler Truck, further cost-cutting measures are being lined up. Daimler Truck boss Martin Daum explained that he was initially planning a recruitment freeze, i.e., a reduction in jobs through attrition, followed by further cuts. He did not reveal what these would be. Head of the General Works Council Michael Brecht supports Daum. He told broadcaster SWR that good arrangements had been agreed with the company. It was important that the manufacturer got through this phase well and could pick up speed again when demand picked up, he said.

According to a press release, insolvency administrator Volker Böhm has already held "initial good and constructive talks" with works council reps, suppliers and customers at Flabeg. Böhm reports "that there is a great willingness to pull together

in the reorganisation." He therefore saw good prospects for the reorganisation. This will be borne by the workforce through cuts in wages and jobs and worsening working conditions.

The same applies to workers at Recaro. Company profits have been secured over several years by waiving and postponing workers' pay, and now they are being asked to pay again in the course of the insolvency proceedings in order to secure the company's profits.

Everywhere, IG Metall and its works council reps are working at each factory and plant to implement the cuts or closures. The union has no thought of mobilising its more than 1.5 million members in the various companies (with also around half a million retired members) to fend off the looming jobs massacre.

The next contract bargaining round in the metal and electrical industry starting next month would be an opportunity to do so. The approximately 4 million employees there, including around 800,000 in the automotive and supplier industries, have shown that they are ready to fight. However, IG Metall has already made clear its intention to once again reduce company costs through lowering real wages and job cuts. That is why it is only demanding a 7 percent pay rise over a 12-month period. The result would be an agreement somewhere between 3 and 4 percent—in two stages over a period of at least 24 months.

In order to defend jobs, working conditions and wages, independent rank-and-file action committees must be set up in which the grassroots hold sway and which collaborate across the various locations, companies and countries. The action committees must be based on the principle that workers' social interests are more important than corporate profit interests.

We therefore call on all workers in auto manufacturing and at the suppliers to get in touch with us. Send a WhatsApp message to the following number: +49 163 33 78 340 and register using the form below.



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