

# VW workers must prepare for industrial action to oppose factory closures and layoffs

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Those at the top of the Volkswagen corporation, the IG Metall union and the works council are preparing for plant closures and layoffs. The company announced Monday that it was terminating the “job security” agreement that had been in place until now, according to which compulsory redundancies were ruled out until 2029. The infamous performance programme adopted last year, which is supposed to save €10 billion a year by 2026, is already outdated. Another €4 billion are to be cut.

## Massive job cuts

According to media reports, the successor to the SUV Q8 e-tron is to be produced in Mexico from 2027. Audi workers are ready for a fight, and production is currently at a standstill. The unions are calling for protests to release pressure. Tens of thousands of auto and other industrial workers are expected in Brussels on September 16.

The Belgian site of the VW subsidiary Audi in Brussels is on the verge of closure. The Belgian trade unions expect 1,500 jobs to be cut in October and a further 1,100 in May 2025. This would also result in the loss of 1,000 jobs at suppliers.

Pal Skirta, an automotive analyst at Metzler, puts it succinctly: “This is just a taste of what is likely to happen to VW as a whole in the next few years.”

The global crisis in the automotive industry is not limited to electric cars, where German manufacturers are lagging far behind, especially in relation to Chinese manufacturers. The market for combustion vehicles in China, which is of great importance for VW, is also collapsing.

Finance daily *Handelsblatt* writes: “With the petrol business in China now collapsing, the situation is becoming increasingly precarious, especially for mass-market manufacturers like Volkswagen.” Since 2020, the market share of all VW sub-brands has fallen from 19 percent to 14 percent and continues to fall rapidly. Compared to 2018, the two VW joint ventures in China, Saic and FAW, generated €3 billion less in operating profit.

As an initial reaction to the declining sales figures, technical capacity at the German plants in Wolfsburg, Zwickau and Emden (VW), Neckarsulm and Ingolstadt (Audi) has been reduced by a quarter.

VW’s ID.3, ID.4 and ID.5 models, built at the e-car plant in Zwickau, along with one e-model each from VW subsidiaries Audi and Cupra, are finding fewer and fewer buyers. Instead of around

250,000 vehicles produced annually, by 2024 the figure will be only around 200,000.

The number of employees in 2022 was around 11,000; by the end of the year, it will probably be less than 9,000. Since last summer, the workforce has been confronted with the switch from three-shift to two-shift operations, short-time working, the termination of temporary jobs and the dismissal of contract workers. According to the latest reports, a further 1,000 workers, whose contracts expire at the end of 2025, will not receive an extension.

Meanwhile, the job cuts at the main VW plant in Wolfsburg continue. In administration, personnel costs will be reduced by 20 percent by 2026. According to estimates, around 3,000 employees—75 percent of the employees in question—are expected to have given up their jobs through partial retirement by June. Another thousand jobs, probably far more, will be irrevocably destroyed through severance agreements and redundancy payments.

The IG Metall union and the works council representatives have already destroyed tens of thousands of jobs in this “socially acceptable” way in the German automotive industry. In most cases, it was only the prelude to ever more cost-cutting measures, including the closure of entire plants, as at Opel in Bochum or, more recently, at Ford in Saarlouis.

The failure of the Trinity project in Wolfsburg-Warmenau, which had been widely publicised, dashed any remaining hopes for new, alternative jobs in the region. The plans for the production of a high-tech electric saloon have been cancelled without replacement, as has a new centre for research and development on the factory premises.

Business magazine *Wirtschaftswoche* reported that thousands of jobs would be cut, and sites closed at Wolfsburg AG and AutoVision. Wolfsburg AG was founded in 1999 as an infrastructure agency in a joint project between Volkswagen and the city of Wolfsburg. The subsidiary AutoVision was founded by VW as a temporary employment agency to have an army of flexible and cheaper labour at its disposal. Now, many of the employees—3,600 contract workers at AutoVision alone—have to fear for their jobs.

In addition, VW also wants to close its Design Centre in Potsdam. VW did not say what would happen to the highly qualified hundred-strong workforce.

## Attack on wages

In recent weeks, both VW CEO Oliver Blume and VW brand CEO Thomas Schäfer announced further cost-cutting measures. The shareholders, above all the Porsche and Piëch families, are demanding rising yields and profits. After the announcement of the business figures for the first half of the year, Schäfer said, “We have to reduce our fixed costs even further in order to stay on course in this difficult market environment in the long term.” VW boss Blume warned, “Now it’s all about costs, costs, costs.”

Even the moderate wage increases negotiated by IG Metall last year, which did not even come close to offsetting the rate of inflation, are too high for the VW board. VW financial director Patrik Mayer announced on the company intranet at the beginning of August: “Structurally, personnel costs have increased significantly at Volkswagen AG as a result of the last collectively agreed wage increases. We cannot continue this trend. Our cost base must fall to a competitive level very quickly, especially in the German plants, in development and in administration.”

Where does Mayer see this “competitive level”? The wage costs for an Audi worker in Hungary are only half as high as for a VW colleague in Wolfsburg. In China, the wage costs are only one fifth.

Schäfer also complained that special effects, such as the estimated costs of €900 million for severance payments, mainly for employees in Brussels, had weighed on profits. Otherwise, the targeted increase in returns for the VW brand to over 6 percent would have already been achieved.

In other words, the severance payments, with which the works council wants to enforce job cuts, and the wage increases of recent years, are being indirectly squeezed out of the remaining workers.

It is in this context that IG Metall entered the current round of collective bargaining at Volkswagen with a low 7 percent wage demand. There are many indications that in the autumn the union will not settle for even half as much, as is usually the case. Rather, it will most likely try to sell the wage freeze demanded by the management to the workers as having no alternative.

### The role of IG Metall and its works council reps

IG Metall and the VW works council reps have helped to draw up the multibillion-euro “Performance” cuts plan and are preparing to implement the coming attacks against the resistance of the workforce.

The announcement by the chair of the VW general works council, Daniela Cavallo, in the works council newspaper *Mitbestimmen*, that “there will be no VW plant closures,” is a warning. Cavallo will use her huge apparatus to push through the demanded attacks even without closing the plant. The IG Metall Wolfsburg quotes her as saying, “Instead of cutting costs unilaterally at the expense of the workforce, a strategic breakthrough is needed now, with a push for the real issues: product, complexity, processes, synergies. That is the plan we need.”

This makes her a worthy successor to Bernd Osterloh. Exactly 10 years ago, he presented the group’s board of management with 400 pages of cost-cutting proposals that were supposed to enable the company to cut costs by €5 billion a year within three years.

But now all the previous mechanisms have been exhausted—partial retirement and severance pay, sacking of temporary staff, outsourcing of tasks. VW has announced that it will set up its own transfer

companies, so-called “perspective workshops,” in all six VW plants in Germany. These will be little more than marshalling yards into unemployment.

In the past, corporations, IG Metall and their works council reps have destroyed hundreds of thousands of jobs in this way. For VW, this is a first. VW workers are to be forced into these transfer companies by terminating the waiver on compulsory redundancies.

### Build independent action committees

It is absolutely imperative that all VW workers fight unwaveringly and together against this impending cutback. However, this can only be done if the power of the union bureaucracy is broken. To this end, independent and internationally cooperating rank-and-file action committees must be formed.

The cuts are part of an international offensive by capital against workers. In order to finance the enormous costs of war and trade war and to push up share prices further, big capital and governments everywhere are attacking social achievements and democratic rights.

The fight to defend jobs and wages must therefore be prepared and waged as an international struggle from the outset.

VW workers are not alone. Independent action committees have already been formed in several car plants and have joined together in the International Workers Alliance of Rank-and-File Committees, which is coordinating the growing resistance worldwide.

The founding of an action committee at VW will make a decisive contribution to building an axis of resistance between Wolfsburg, Detroit and other car metropolises and to making the fight against the cutbacks at VW part of a systematic, international offensive in the automotive and supplier industry.

We call on all VW workers: Participate in the founding of the action committee. Register via WhatsApp at +491633378340 and fill out the form below.



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