

German auto industry crisis deepens as layoffs mount

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Massive job losses in the German automotive industry are announced almost daily. The supplier industry is being decimated by insolvencies. Large and medium-sized companies are closing plants or disappearing completely. Thousands are losing their jobs, and entire regions of the country are being affected.

Volkswagen and Mercedes report a drop in profits of up to 40 percent in the first quarter. Other German manufacturers have also reported significant drops in profits: Audi 14.4 percent, BMW almost 26 percent and Porsche 40 percent.

While the major car manufacturers are still in the black—Mercedes posted a quarterly profit of €2.3 billion—they are moving further and further away from the targeted double-digit profit rates. That is why they are planning a jobs massacre. Autoworkers are being made to bleed so that profits can be restored. Where this has little chance of success, the survival of traditional brands such as Opel (Stellantis) and Ford is at stake.

The auto companies point to the increased competitive pressure from Chinese manufacturers, whose electric models are technically more up-to-date, cheaper and significantly more popular, especially in China. Previous market leaders VW, Toyota and Tesla have had to cede their top positions in China to domestic car manufacturers.

However, the real reasons for the frontal assault on jobs and conditions lie in the rapidly changing world political and economic situation. The German automotive industry in particular is heavily export-oriented, dependent on globalised supply chains and therefore particularly affected by the drastic tariffs imposed by President Donald Trump. “The US tariffs that came into force at the beginning of April have virtually choked off the first positive business developments, especially in the European market,” says Ifo economic research institute expert Anita Wölfl.

The consequences of the high tariffs have so far only had a minor impact on the slump in profits in the first quarter. But they will be huge.

According to an article in the *Frankfurter Allgemeine Zeitung* (FAZ) headlined “Germany’s car companies are

reeling from global politics,” the problems, “which are coming in from all sides are intensifying into what managers like to call a ‘perfect storm’ for Germany’s former flagship industry.”

The management boards of VW, Mercedes and BMW, as well as the FAZ, are not concerned with the fate of the autoworkers, but about their ambitious profit targets. The FAZ is therefore calling for more radical cuts. It was now “becoming increasingly clear that the reorganisation of the industry is still in its infancy. The outlook is uncertain, and the toughest cuts are still to come for the companies.”

These tough cuts are already on the horizon. According to a report in business weekly *Wirtschaftswoche* in the first week of May, Mercedes initially sent redundancy offers by email to 40,000 employees in the ancillary area, i.e., outside of production, as part of the “Next Level Performance” savings programme in order to force as many of them out of the company as possible.

Based on internal documents, *Wirtschaftswoche* reveals how workers are being put under pressure. The following is a quote from an email to employees: “Your job is disappearing; it will no longer exist.” If someone still wanted to stay, they were told that no suitable internal position was available. Even more direct is this quote: “Such an offer [of a redundancy settlement] will never come again. Think carefully about whether you want to accept it—after all, we no longer have any use for you.”

Mercedes intends to save €5 billion by 2027. The plans of Mercedes-Benz boss Ola Källenius (annual salary approximately €12.5 million) are very similar to those of VW, which agreed with the IG Metall union at the end of last year to cut up to 35,000 jobs and reduce wage levels by 20 percent.

Works Council Chairman Ergun Lümalı, who is privy to all the plans, has essentially signalled his approval. He is IG Metall’s powerful man at Mercedes, holding many influential and well-paid posts: chairman of the Group Works Council, the General Works Council and the Works Council of the Sindelfingen plant; deputy chairman of the

Supervisory Board of the Mercedes-Benz Group and a member of its Mediation Committee, Executive Committee, Audit Committee and Legal Affairs Committee.

The cuts programmes at Daimler Truck are also being drastically intensified. The scale of the job cuts is enormous, with 28,000 posts now to be axed. This means that more than one in four of the 103,000 employees worldwide would lose their jobs.

This time, the savings programme is called “Cost Down Europe” and covers almost all areas of the company—from production, administration and development to sales. Even the largest truck assembly plant in Wörth is affected, as are the sites in Gaggenau, Kassel, Mannheim and Stuttgart. In total, at least €1 billion are to be saved in order to achieve the extremely high profit margins.

The new CEO Karin Rådström (annual salary estimated at €10 million) and Supervisory Board Chairman Joe Kaeser had already promised a profit target of over 12 percent for 2025 and over 15 percent thereafter at the end of 2024. According to Kaeser, former CEO of Siemens (whose annual salary at times totalled €14 million), this was linked to the goal of becoming the largest truck supplier in the world “in the medium to long term.”

Just as the VW Management Board relies on the team around Works Council Chairwoman Daniela Cavallo, Mercedes boss Källenius can rely completely on Lümalı, the IG Metall union and its apparatus of officials are nourished by Mercedes. Källenius assures us at every opportunity that he will push through the cutbacks “responsibly and together with the works council,” they duly preach.

At Volkswagen, the FAZ calls for intensified class warfare from above, with the 35,000 job cuts agreed last year being nothing more than a declaration of intent: “They must now be realised.” If management failed, it would be the final proof “that Germany’s most important industry is not in a position to prepare itself for global competition.”

According to various reports, including in the *Braunschweiger Zeitung*, the brand’s management board is planning to cease production at the Osnabrück plant altogether and close it down. Production of the T-Roc Cabriolet is only to continue until October 2027. It remains to be seen what will become of the plant and the 2,300 employees still working there. However, there have been several media reports that defence group Rheinmetall has expressed a strong interest in the plant.

The “transformation” of the automotive industry, which is taking place worldwide, is proving to be one giant jobs massacre. The trade unions—here IG Metall and in the US the United Auto Workers (UAW)—are completely on the side of the corporations.

In America, UAW President Shawn Fain is in favour of

Trump’s tariff and trade war frenzy. On both sides of the Atlantic, the trade unions are defending the national profit interests of their respective corporations and governments and agitating against China. However, it is not the Chinese electric cars—or even the Chinese workers, who earn significantly less—that are the evil, but the capitalist profit system.

The alternative to capitalist exploitation by globally operating corporations battling fiercely for market share is not protectionism in the service of their “own” capitalists, but the international unity of workers against the common enemy. The crisis can only be resolved in a progressive way if the working class unites internationally and takes up the struggle to expropriate the corporations and bring them under its democratic control.

In order to beat back the attacks throughout the entire auto industry, it is therefore essential to break with IG Metall and its works council representatives and join together with workers who are prepared to fight to form rank-and-file action committees. These must be independent of IG Metall and responsible only to the rank and file, take the fight into their own hands and network with action committees in other plants, companies and countries.

This struggle must be waged internationally. The action committees must overcome the division of the workforce between permanent and contract workers, different locations, car brands and countries. Workers in every country are being subjected to the same comprehensive attacks. An attack on one section of the workforce of a global company like VW or Mercedes is an attack on the entire international workforce. Therefore, the action committees must function as part of the International Workers’ Alliance of Rank-and-File Committees (IWA-RFC) and pursue a common strategy worldwide.

Contact us to set up an action committee in your factory. Send a WhatsApp message to +491633378340 and fill in the following form.



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