Jobs massacre spreads across key industries in Germany

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While the German government is pouring hundreds of billions of euros into rearmament and war, the jobs massacre in the automotive, supplier, chemical, steel and other key industries continues unabated and is now extending to the services sector.

The trade unions are ensuring that job cuts proceed smoothly, and that any resistance is crushed at the outset. True to the motto "Everyone dies alone," they isolate affected workforces from one another and downplay the scale of the disaster.

According to estimates by credit agency Creditreform, the number of corporate insolvencies in Germany has risen sharply. With 11,900 company bankruptcies, the figure in the first half of 2025 was 9.4 percent higher than in the same period the previous year.

The services sector, including catering and hospitality, was particularly affected, with 7,000 insolvencies. There were 2,220 bankruptcies in retail and 940 in manufacturing. Creditreform estimates the resulting damage at €33.4 billion. Some 141,000 people lost their jobs.

In the department store and fashion sector, several well-known names have recently filed for insolvency, including Galeria, Esprit, Sinn and Gerry Weber. Gerry Weber, which had already closed 122 of its 171 shops in Germany in 2023 and cut 450 jobs, is now shutting the remaining 40 stores. The brand has been taken over by Spanish fashion company Victrix, which will distribute it through other channels.

The crisis in retail is the result of falling purchasing power, rising costs and the lingering effects of the pandemic. These developments are now also showing up in official unemployment figures.

"The labour market is not getting the momentum it would need to turn the corner; that is why we expect unemployment figures to continue rising this summer," said Andrea Nahles, chair of the Federal Employment Agency (BA), when presenting the May figures.

With 2,919,000 unemployed—a jobless rate of 6.2 percent—the number was 197,000 higher than in May of the previous year. Underemployment, which also includes temporary incapacity for work and people in labour market programmes, was much higher at 3,602,000.

Of the nearly 3 million registered unemployed, fewer than 1 million received unemployment benefits. By contrast, the number of employable recipients of welfare benefits stood at 3.95 million. This includes many people who are in work but whose income is insufficient to live on.

Although the rise in unemployment figures is still relatively moderate, job cuts in key industries—on which many other sectors depend—are advancing at a rapid pace.

Automotive and supplier industries

This applies above all to the automotive and supplier industries, where the workforce has shrunk from 830,000 in 2018 to 730,000, even though turnover has risen significantly. Automotive expert Ferdinand Dudenhöffer estimates that by 2030 the figure will fall to just 500,000.

Volkswagen, where the works council and management agreed in December to cut 35,000 jobs, remains mired in crisis. At the latest works meeting, it was reported that 20,000 employees had so far agreed to leave the company voluntarily by 2030. But this includes all those who will reach retirement age anyway. The majority are going into part-time working prior to retirement. Only a few were willing to give up their jobs in return for severance pay.

Yet, as CFO David Powels stressed at the meeting, the savings drive is still far off target. "We have to address our structural problems," he stressed. VW was investing too much and earning too little on its electric vehicles. Moreover, it took too long for a new model to reach profitability. "Our opportunity now lies in correcting this imbalance together and operating profitably again," he said—an unmistakable threat of further cuts and redundancies.

Works council chair Daniela Cavallo announced that the conversion of the main plant in Wolfsburg to electric vehicle production would take longer than planned. As a result, a four-day week may be introduced from 2027 for a period—meaning a significant loss of income for those affected.

Massive cutbacks are also planned at Mercedes, BMW, Audi and Porsche. Following the closure of its Saarlouis plant, Ford is now also scaling back its main factory in Cologne. Opel (Stellantis) is increasingly withdrawing from Germany.

The situation in the supplier industry is equally devastating. Giants like Bosch, ZF, Schaeffler and Continental are collectively shedding tens of thousands of jobs, while smaller firms employing several hundred people—often the mainstay of entire regions—are filing for insolvency week after week.

According to a survey by the German Automotive Industry Association (VDA), more than three-quarters of automotive suppliers in Germany plan to postpone, relocate or cancel investments already planned in the country. Only 1 percent intend to increase their investment in Germany.

At ZF in particular, the bad news keeps coming. According to recent reports, management is considering selling off the driveline division entirely. This would affect 32,000 employees—around a fifth of the group's global workforce. A "ramp down" of the business, is also under discussion.

The supplier, headquartered in Friedrichshafen on Lake Constance, is heavily indebted and fears for its credit rating. At its Schweinfurt plant, the works council therefore agreed in December to partial pay cuts for the 5,500 staff. But it has since announced it can no longer maintain this arrangement. Now, at least 650 compulsory redundancies are threatened, said works council chief Oliver Moll.

Bosch has also been cutting jobs and closing sites for some time. Most recently, the company agreed the "socially acceptable" loss of 1,150 jobs in Schwäbisch Gmünd, Baden-Württemberg, leaving 1,700 positions remaining.

Smaller factories are disappearing without attracting any attention in the national media. In Düren, North Rhine-Westphalia, automotive supplier Neapco has filed for insolvency. Five hundred employees of the city's largest industrial employer are losing their jobs. The official reason is that the US parent company did not renew a contract for contract manufacturing.

In Bad Neustadt, Franconia, auto supplier Preh completed the shedding of 420 jobs in May, including 50 compulsory redundancies. Before that, 300 workers had accepted severance pay and 70 positions were eliminated through natural attrition and early retirement. Other companies in the predominantly rural region, such as Brose in Coburg, are also reporting heavy losses.

Chemical and steel industries

Tens of thousands of jobs are also being cut in the chemical industry. Sector giant BASF, with a global workforce of 110,000, is focusing on preserving its main site in Ludwigshafen. Even there, however, 1,800 of 33,700 jobs are to go in the first wave.

According to BASF CEO Markus Kamieth, "the chemicals industry in Europe faces a phase of consolidation and restructuring. The largest European chemicals site will not be spared." But Kamieth refuses to name specific figures. Experts estimate that several thousand jobs are at risk.

US chemical giant Dow plans to shut down several plants at its sites in Böhlen, Schkopau and Leuna in Saxony-Anhalt—facilities that date back to the time of the former East Germany. At Böhlen, 700 employees protested in late May in a "political lunch break" called by the IGBCE union.

Many other chemical companies are also cutting jobs.

As for the steel industry, after Thyssenkrupp, ArcelorMittal has now also abandoned plans to produce "green" steel in Germany. Although the government had pledged over a billion euros in subsidies, the planned hydrogen-powered blast furnaces in Bremen and Eisenhüttenstadt will not be built.

In practice, this could mean the end of steel production in Germany, which still employs just over 80,000 people. Around 1,000 workers protested outside ArcelorMittal's Bremen site.

The business of death

The only sector currently booming in Germany is the business of death. Arms manufacturers are reporting full order books and fantastic profits.

The €100 billion "special fund" for the Bundeswehr (Armed Forces), approved by the government in March 2022, had already sent Rheinmetall's share price soaring more than tenfold. Germany's largest arms company saw its share price rise from €155 to €1,736. Turnover doubled, and post-tax profit quadrupled to €1.2 billion.

The new war credits totalling over €1 trillion are expected to further explode profits at Rheinmetall and other weapons firms. Finance Minister Lars Klingbeil plans to spend as much on rearmament in the next 18 months as in the previous five years.

According to the Federal Employment Agency (BA), around 17,000 people in Germany now manufacture weapons, ammunition and armoured vehicles—50 percent more than 10 years ago. However, the BA only counts jobs paying social insurance contributions; the defence industry itself claims figures of up to 100,000.

The destruction of jobs upon which hundreds of thousands of families and entire regions depend—and the diversion of valuable resources to war and annihilation—are symptoms of a profoundly diseased social system. Under these conditions, the defence of jobs is inseparable from the fight against war and capitalism.

This requires breaking through the straitjacket of the trade unions, which have turned into corporate henchmen and fully support the government's policies of war and rearmament. Independent rank-and-file action committees, controlled by workers themselves, must defend jobs and link up with their fellow workers around the world.

This demands a socialist perspective and the building of a party that unites the international working class instead of setting it against itself in new wars: the Sozialistische Gleichheitspartei (Socialist Equality Party), its sister parties and the International Committee of the Fourth International.