

Germany's economic crisis deepens as mass layoffs sweep industry

Philipp Frisch, Dietmar Gaisenkersting
30 December 2025

Many working class families spent the Christmas holidays in anxiety and are looking into the new year with grim forebodings. Hundreds of thousands have lost their jobs over the course of 2025, or have learned that they will lose them in 2026. They are the victims of war and social cuts, trade war and economic crisis.

The Federal Association of German Industry (BDI) expects production to have declined by around 2 percent over the whole of 2025. Industry is thus shrinking for the fourth consecutive year. BDI President Peter Leibinger recently spoke of the “deepest crisis in the history of the Federal Republic.” Germany as a business location, he said, was “in free fall.”

Leibinger also explicitly rejected the frequent claim that this was merely a temporary cyclical downturn, a claim advanced not least by the trade unions to placate workers. “This is not a cyclical dip, but a structural decline.” German industry was being systematically hollowed out.

According to projections by the credit rating agency Creditreform, 23,900 companies filed for insolvency this year. That is as many corporate bankruptcies as there have been since 2014.

The number of unemployed rose in 2025 by around 160,000 to just under 2.95 million. More will follow. According to a survey by the Institute of the German Economy, 4 out of 10 industrial companies are planning layoffs in 2026. The situation will worsen further, particularly in the automotive and supplier industries, but also in the chemical industry.

A comprehensive study on economic developments was published in early December by the auditors at EY, using figures after the third quarter of the year. According to the study, the turnover of German industrial companies shrank by 0.5 percent in the third quarter of 2025 alone—the ninth consecutive quarterly decline. By 30 September 2025, over the course of a year, 120,000 industrial jobs had been destroyed in Germany, including 49,000 jobs, or 6.3 percent of employment, in the automotive industry alone. Since 2019, almost 272,000 jobs—4.8 percent of all positions across industry—have been wiped out. Not a single industrial sector examined by EY recorded any increase in employment over this period.

On Saturday, Oliver Zander, chief executive of the employers' association Gesamtmetall, told *Bild-Zeitung*: “We are currently losing almost 10,000 jobs per month.” Employment in the sector, which includes the automotive industry, has been falling uninterrupted for 21 months. Tens of thousands will lose their

jobs in 2026 as well.

The Volkswagen Group alone, which shortly before Christmas 2024 agreed with the IG Metall trade union to cut at least 35,000 jobs at its core VW brand, has already eliminated 15,000 of them. A further 10,000 have reportedly already signed away their jobs.

All car manufacturers are cutting back. Most recently, Porsche announced the elimination of almost 6,000 jobs, along with cuts by numerous other companies and plants. Here are just a few examples from the past month:

- Japanese automotive supplier Musashi plans to close its plant in Hannoversch Münden, affecting around 400 jobs.
- Teknia Stuttgart GmbH, a producer of chassis and steering components, is insolvent, affecting 100 workers.
- Automotive supplier Gestamp is cutting 150 jobs in Bielefeld.
- Battery manufacturer Varta is eliminating 150 positions in administration and production in Nördlingen in the first quarter of next year.
- Finnish stainless-steel group Outokumpu is cutting 120 jobs in Germany, mainly in Krefeld, but also in Dillenburg and Sachsenheim.
- The Thyssenkrupp Group, which will begin next week to eliminate 11,000 of 27,000 jobs at its steel subsidiary, has temporarily closed two electric-steel plants in Gelsenkirchen and in Isbergues, France. Around 1,200 jobs are at risk.
- The Sturm Group in Salching, Bavaria, has filed for insolvency. The machine builder employs 340 workers.
- Wanzl, which produces supermarket trolleys as well as transport and luggage carts for airports and hotels, is closing two plants with 900 employees.
- Mechanical-engineering and plant-construction company Voith plans to cut more than one in ten jobs worldwide—around 2,500. Germany, where Voith employs just under 7,000 people, will be “disproportionately affected”, a spokesperson said.
- Schwäbische Werkzeugmaschinen (SW), a precision machine-tools manufacturer, will cut 150 jobs.
- French chemical group Dow plans to close parts of its plant in Schkopau (Saxony-Anhalt) and the entire plant in Böhlen (Saxony), affecting 600 employees.
- Car-rental firm Starcar has failed to find an investor after filing for insolvency in October and will now close, affecting 1,100 workers.
- At the IT division of discount retailer Aldi Süd, “several hundred” jobs are currently being cut; employees speak of “mass

layoffs.”

- One hundred of the 650 security staff at Securitas are set to lose their jobs at Cologne/Bonn Airport.

- Shortly before Christmas, WISAG Aviation, which loads and unloads aircraft at Frankfurt Airport, announced it would dismiss 230 of around 1,100 employees.

The trade unions and their workplace representatives are doing nothing to stop this ongoing jobs massacre. On the contrary, they are the ones implementing it through their so-called “social plans” and agreements to “maintain competitiveness.”

The announcement of layoffs at WISAG at Frankfurt Airport is therefore particularly explosive. Exactly five years ago—also at Christmas—the mass layoffs announced at that time led to the founding of the WISAG Workers’ Committee. For months, independently of the union Verdi, these workers fought against their dismissals, including through a hunger strike.

This initiative must now be taken up again at a higher level. The necessity of a common struggle by workers threatened with layoffs and wage cuts is self-evident. Yet the trade unions and their works council representatives, which refuse to look beyond their own narrow confines, divide the affected workers by location, country and sector.

In the escalating trade war, the apparatchiks in the unions stand alongside the corporate owners and the federal government. They are the most vocal advocates of trade-war measures. Tariffs imposed by the US administration under Donald Trump are hitting the automotive and mechanical-engineering industries in particular. After German exports to the United States fell by ten percent in the second quarter, EY reports that the decline widened further in the third quarter, to 16 percent.

At the same time, companies are barely able to keep up in competition with Chinese rivals. The value of exports to China in the third quarter was eight percent lower than a year earlier. While China was still the second most important export market for the German economy in 2020, it now ranks only eighth.

This is why unions such as IG Metall are calling for retaliatory tariffs on Chinese steel and billions in relief for industrial corporations. Speaking to business magazine *Wirtschaftswoche*, IG Metall chair Christiane Benner said that the relocation of sites to Eastern Europe or Asia must be prevented. Companies should also be obliged to buy German products. “We need clear requirements for local content, so that, for example, Deutsche Bahn, which is massively supported with public billions, does not order buses from BYD,” she demanded.

This logic of pitting location against location in no way differs from the position of the companies that are destroying ever more jobs and cutting wages to make Germany fit for trade war. In *Bild-Zeitung*, Gesamtmetall chief executive Zander declared that taxes, energy costs and labour costs in Germany were so high “that for many companies production here simply no longer pays.”

The director of the Institute of the German Economy, Michael Hüther, likewise cited strong international competition and US tariffs, but above all excessive location costs, a high tax burden and high labour costs—including rising non-wage labour costs and social security contributions—as the main problems.

Speaking to the *Frankfurter Allgemeine Zeitung*, Benner then

announced that the union would work closely with employers and the government to push through precisely this policy. “Social partnership does not exist only on sunny days, but also in thunderstorms. We have to get through this together, and we want to,” she declared.

Workers can only lose under this nationalist policy of government, unions and companies, playing workers off against each other. They are the ones who will pay for tax breaks for corporations through social cuts. They are expected to help reduce labour costs through falling wages, lower pensions, less healthcare and job losses. And they are to be subjected to intensified exploitation through the removal of “bureaucracy” such as working-time regulations, safety rules and environmental standards.

The events of 2025 show that this is not a temporary crisis, but a structural offensive by capital, driven by trade war, rearmament and policies favouring corporations.

Workers can defend their jobs, wages and social benefits only by opposing trade war and militarism and countering rising nationalism with the international unity of the working class. The capitalists are waging their trade war at the expense of workers and following the logic of a new world war.

Only the working class can put an end to this madness by uniting across all borders and placing the priority of their own needs above the logic of profit. Technological developments make unprecedented prosperity for all possible, but under capitalist conditions they lead to layoffs, wage cuts and war.

A genuine struggle to defend all jobs therefore requires a break with the trade union bureaucracy and its nationalism. Workers must form independent action committees, unite them within the International Workers Alliance of Rank-and-File Committees (IWA-RFC), and take the defence of jobs into their own hands. Instead of so-called “social partnership,” they must organise the class struggle and place workers’ needs before the profit interests of the wealthy.

Take the first step: register via the following form.



To contact the WWSWS and the
Socialist Equality Party visit:

wws.org/contact