

Volkswagen to impose 20 percent cost reduction across all brands, threatening jobs and plants

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At the end of 2024, the Volkswagen Group Board of Management and Works Council agreed to cut 35,000 jobs in Germany at the core VW brand by 2030. Thirteen months later, the board is already planning the next devastating cutbacks—this time across all brands of the group.

According to insider information from *manager magazin*, costs are to be reduced by 20 percent by the end of 2028. The savings target is to apply to all brands and all types of costs. This would correspond to an annual volume of €60 billion, six times as much as the 2024 savings programme. The closure of entire plants is also envisaged.

According to *manager magazin*, in mid-January, group CEO Oliver Blume and CFO Arno Antlitz already committed the group's top 120 executives to the new savings targets. However, the company has so far refused to make a public statement. Blume would provide information on efforts to lower costs when the balance sheet was presented on March 10, it is reported.

The Works Council is conciliatory as always, and obviously knew about it. This was "rather a description of the state of the efficiency programmes that have been running for a long time," it commented on the *manager magazin* report in the VW intranet.

Moreover, Works Council Chairwoman Daniela Cavallo promised to work closely with the board on the new savings programme. "We are aware that we and the Group are still in a difficult situation," she wrote in an internal letter to the workforce. With the December compromise of 2024, "everything had already been initiated to improve competitiveness and make the effects for the workforce socially acceptable."

Cavallo did not write how far she will go this time, merely claiming, "With us, there will be no plant closures and compulsory redundancies." But she had already agreed to the cutting of 35,000 jobs in 2024 with this justification. It was a lie. Production at the Dresden plant has since been stopped, and in Osnabrück it will run out in a year. It is currently open whether the plant will be closed or sold.

IG Metall union District Manager Thorsten Gröger denied

any responsibility. Referring to the exclusion of compulsory redundancies agreed in 2024, he said: "Against the background of these binding regulations, the questions currently raised do not arise for us."

IG Metall has accepted every round of cutbacks for years, be it in the auto, steel or metal industries by employing the stereotypical formula there were "no plant closures, no compulsory redundancies." Workers are pushed out of the plant via severance payments, early retirement, partial retirement, so-called "job creation companies" and other mechanisms. But the original jobs (and with them numerous others) are gone permanently, and in the end the plant is shut down.

No one can seriously believe that the VW Group can save €60 billion annually without leaving a trail of scorched earth. Cavallo, her Works Council and the IG Metall know this and are trying by all means to suppress any resistance to it.

No worker should fall for their lie that preserving jobs requires close cooperation with the VW board in order to—as Cavallo writes—"improve competitiveness." Jobs can only be defended with the methods of class struggle.

The VW Group justifies the devastation based on the sales slump in China, Trump's punitive tariffs and intensified international competition. But this only proves that capitalism is bankrupt. The battle for profits is being fought worldwide on the backs of workers, whose incomes are falling just as fast as the fortunes of shareholders and managers are rising. The conversion to electric vehicles and the use of AI-based production methods do not serve to make work easier and improve quality of life, but to increase the profits of the rich.

This is also the purpose of the devastating cutbacks at VW. The 2024 agreement already pursued the declared goal of doubling the operating return on sales to 6.5 percent. Negative scores by rating agencies last December then provided the impetus for the expanded savings programme. For the owner families Porsche-Piëch (estimated wealth around €40 billion), every fluctuation in the share price means hundreds of millions in loss or gain.

The board is also cashing in heavily. When it committed the top managers to the new austerity measures, it surprisingly

discovered cash reserves of €6 billion in the allegedly cash-strapped coffers—slightly more than is necessary for the board members to collect bonuses of up to €1.75 million per person! The cash flow had been increased by cutting investments and selling open receivables from sold new cars—money that will be missing in the future and be used to justify further cutbacks.

Tanks and drones instead of cars

The global battle for profits, markets and raw materials leads not only to job, wage and social cuts, but also to fascism and war. Discussions about placing Volkswagen in the service of rearmament and war are well advanced. Instead of cars, the VW workforce is to build tanks and drones so that their children—or they themselves—can be consumed in the interests of German great power ambitions. All inhibitions are being dropped.

An article that appeared in business magazine *Wirtschaftswoche* on Tuesday should serve as a warning in this regard. The author, business editor Martin Seiwert, recalls that when it was founded by the Nazi regime in 1937, the company was designed not only for the construction of the “Volkswagen” (literally “people’s car”) but also as an armaments plant. “In fact, only a few hundred cars were built in Wolfsburg,” he writes, “but tens of thousands of military vehicles, plus mines and rockets. And by about 20,000 forced labourers.”

Seiwert wants to return to this tradition. A question worth considering, he writes, is: Should the Porsches and Piëchs, who still play a key role at Volkswagen almost 90 years later, have military equipment built again?

Importing armaments could only be an emergency solution for Germany’s massive rearmament, says Seiwert. Europe must be able to arm itself. Wolfsburgers should not duck away from the topic. VW commands mass production like hardly any other German industrial group, according to Seiwert, “And that is exactly what the defence industry needs now.”

VW engineers, in close ranks with defence companies and the VW Group’s production experts, could massively reduce costs through the series production of combat vehicles. Even faster, “VW factories could build smaller, less complex armaments in series, such as urgently needed ammunition or the equally coveted drones.”

The good news is that in the state where VW is headquartered and which controls 20 percent of the company, Lower Saxony, Minister President Olaf Lies has the topic on his radar just as much as VW boss Oliver Blume. That is why a top manager from VW, Antoin Abou-Haydar, was appointed “Head of Corporate Defence Office.” Volkswagen thus already has “a department that is exploring how the Group can partially

transform into a defence company.”

Independent action committees

It is obvious that the fight to defend jobs and against the transformation of VW into a factory of death cannot be left to IG Metall and its Works Council representatives. They are henchmen of the board and support the pro-war policy of the federal government.

Therefore, the workforce must urgently reorganise and reorient itself. It must build independent rank-and-file action committees that are led by trustworthy workers, are democratically organised and lead the resistance and coordinate it internationally.

The campaign that autoworker Will Lehman is currently spearheading in the US in the autoworkers union, UAW (United Auto Workers), is of great significance in this regard. Lehman is running for the office of UAW president, which is elected by the members. He advocates the disempowerment of the union apparatus and the transfer of power to the workers in the factories. To this end, he advocates the building of a network of rank-and-file committees, rejects class collaboration with the corporations and fights against the nationalism that incites workers in one country against those in other countries. He pursues the goal of mobilising workers’ economic power to defend democratic rights and against war.

Lehman’s campaign has already found a great resonance in the initial few days. The first campaign video he published on his website has been viewed hundreds of thousands of times, and the campaign is supported by workers from various industries and countries.

VW employees should also support Will Lehman’s campaign and build their own action committees. Contact us to become active now. Send a message via WhatsApp to +491633378340 and register via the form.



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