German auto industry moves into arms production—just as under the Nazis

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Since 2018, when the industry employed 834,000 people, the German auto industry has shed 142,500 jobs. In the first half of 2026 alone, 42,300 jobs were cut. Now parts of the auto industry and its suppliers are to be converted into lucrative arms plants.

The arms industry needs new capacity to rapidly ramp up booming arms production and make Germany "fit for war," in the words of the Social Democratic Party (SPD) defence minister. Rheinmetall alone plans to increase its workforce from 30,000 to 40,000 over the next three years, with revenues expected to increase as much as fivefold by 2030. To this end, the German Security and Defence Industry Association (BDSV) is seeking available labour, factories and technical expertise from the crisis-hit auto industry under the slogan "Auto2Defence."

The German government is making enormous financial resources available for rearmament. The 2026 federal budget allocates €108 billion for military spending, rising to €152 billion by 2029, whetting the appetite of the corporations. According to recent surveys, one in three industrial companies expects new business opportunities from entering the defence industry.

The transformation under way in the auto industry and other sectors—massively accelerated by AI—is being ruthlessly exploited to reorient production towards armaments. Workers are being given the choice of either losing their jobs or producing weapons of war.

The IG Metall union, which once made Sunday speeches about peace and disarmament, has fallen into line behind the government's war and rearmament policies. For Jürgen Kerner, deputy chairman of IG Metall, the question is not whether the union agrees to the conversion to war production, but how it can best support it:

> What matters is that the works council and IG Metall are involved from the outset, that the transition is designed reliably and fairly in the interests of the workforce, and that the employer provides thorough and comprehensive training for employees for their new tasks.

The current expansion of the arms industry closely echoes the rearmament carried out under the Nazis—even the corporations and controlling families involved are, in many cases, the same.

In the 1930s, the establishment of a fascist regime was the fundamental precondition for setting the gigantic rearmament and war machine for the Second World War in motion. The German working class, which was predominantly socialist in outlook and organised in two mass parties, the Social Democratic Party and the Communist Party (KPD), had to be politically smashed and atomised. This is why leading industrialists such as Thyssen and Krupp financed Hitler and his fascist gangs. Large sections of the German bourgeoisie regarded him as the last way out of an impending socialist revolution.

Once in power, the Nazis set a gigantic war economy in motion. On the one hand, it served to prepare for the conquest of Europe and the war against the Soviet Union, on the other, it guaranteed German major corporations—Krupp, Thyssen, IG Farben, Siemens and others—high profits at state expense once again, after the Great Depression. The working class was disciplined through the destruction of its organisations, wage freezes, forced labour and, ultimately, mobilisation to the front.

In 1934, German military spending stood at 3.4 percent of gross national product (GNP); by 1936 it had already reached 7.6 percent, and by 1938, a year before the outbreak of war, 18.1 percent. In the first year of the war, 1939/40, it rose further to 26.4 percent, and in the second year of the war, 1940/41, to 42.3 percent.

These figures, together with more recent research into the militarisation of the Nazi economy, demonstrate how systematically and extensively the Nazi regime was planning its war of annihilation as much as five years before the invasion of Poland. It is now also well documented that major industrial corporations such as Krupp, IG Farben, Siemens, Rheinmetall and others were actively involved in war planning. The Nazi state relied on a system that drew industrial managers directly into military planning.

More recent research describes this as a system of cooperative interlocking between state and industry, rather than a purely command economy. The state created financial incentives—including Mefo bills (secret bills of exchange used to finance rearmament off the official budget), price guarantees and special subsidies—and organisational structures such as the Four Year Plan, "War Economy Führers" and armaments inspectorates. Corporations, in turn, took an active part in planning, built up their own war economy departments and, from 1939/40 onwards, increasingly deployed forced labourers and concentration camp prisoners to boost production. According to economic historians Adam Tooze and Jonas Scherner, this interplay entangled German industry deeply in war preparations well before 1939.

It was not only arms firms such as Thyssen, Krupp and Rheinmetall that made handsome profits. Almost all the major auto and engineering companies entered the lucrative production of military goods. Some of them had already supplied the Kaiser's imperial army with military vehicles, aircraft, weapons and ammunition during the First World War. A similar development is emerging again today—and many of the same car companies are once again involved.

The stock market value of Rheinmetall, Germany's largest arms company, has risen from just under €4 billion to €54 billion since the start of the war in Ukraine four-and-a-half-years ago. Other arms companies—including KNDS (battle tanks), Airbus Defence (aircraft), MBDA (guided missiles), Hensoldt (electronics and radar systems), Thyssenkrupp Marine Systems (warships and submarines) and Diehl Defence (guided missiles and munitions)—have likewise posted sharp profit increases.

There are several hundred arms companies in Germany. The BDSV now counts 550 member companies, more than double the number since the start of the war in Ukraine. According to the Federal Ministry of Economic Affairs, around 105,000 people are employed in the defence industry. Under somewhat broader criteria, the figure rises to as many as 387,000.

The auto industry has no intention of standing aside from this bonanza.

In May 2026, CEO Ola Källenius stated that Mercedes-Benz was prepared to enter arms production if it made economic sense. Concrete plans are under consideration for the Mercedes plant in Ludwigsfelde, south of Berlin, where around 2,000 employees currently build the Sprinter van and the electric E-Sprinter. Mercedes has announced it will gradually wind down Sprinter production and relocate it entirely to its plant in Jawor, Poland, by 2030 at the latest.

According to media reports, one option under discussion is a transitional model. Under this plan, arms company KNDS would initially lease part of the factory hall, where Sprinter vans and Boxer wheeled armoured vehicles would be produced in parallel until Mercedes completes its full relocation to Poland by 2030. Most of the workforce would then transfer to KNDS.

Talks are currently under way between corporate management and IG Metall works council reps, who are neither informing the workforce nor allowing them any say. The gradual conversion of the Ludwigsfelde plant into an arms facility would serve as a test case for similar transformations across the auto industry.

The history of Daimler-Benz is the history of a major German corporation's intimate entanglement with fascism, war crimes and the bloody suppression of the working class—and, at the same time, the history of a largely unbroken post-war business.

During the Nazi era, Daimler-Benz was a central pillar of the war economy. The company mass-produced armaments—tanks, aircraft engines and military vehicles—and profited massively from Nazi rearmament and warfare.

Like Germany's major industry as a whole, Daimler-Benz relied on a system of forced labour. Millions of people from the territories occupied by the Nazis were deported and forced to work under the most brutal conditions in German arms production, including concentration camp prisoners. Daimler-Benz was among the corporations that actively exploited this system of enslavement to maximise their profits.

The plant in Ludwigsfelde played a central role in this. It was built by Daimler-Benz in 1936 as the Genshagen aircraft engine plant, a key component of Nazi war rearmament plans.

The sprawling site produced the DB 601 and DB 605 aircraft engines, which powered, among others, the Messerschmitt Bf 109 and Bf 110 fighter aircraft. The plant was a state-of-the-art arms factory that deployed forced labourers, prisoners of war and concentration camp inmates on a large scale during the war years. Thousands of people abducted from Europe's occupied territories toiled here under the most brutal conditions for the war machine of German imperialism.

After 1945, Daimler-Benz met the same "fate" as the German business elite as a whole: instead of being expropriated and stripped of power, the corporate leaders continued their careers seamlessly.

The case of Hanns Martin Schleyer is particularly illuminating. The SS officer was responsible for, among other things, the "Aryanisation" of the Czech economy and the procurement of forced labourers during the Nazi era. He went on to a meteoric career at Daimler-Benz after the war. As head of the Baden-Württemberg employers' association, he was responsible for the lockout of 250,000 metalworkers in 1963.

After 1945, the plant in Ludwigsfelde was dismantled by the Soviet power, which occupied eastern Germany. Following the founding of the German Democratic Republic (GDR), the VEB IFA-Kombinat Nutzfahrzeuge (People's Own Commercial Vehicle Combine) was established on the same site, where the IFA W50, the most widely built truck in East Germany, was later produced. After the fall of the Berlin Wall in 1990, the GDR was swallowed up by the Federal Republic (West Germany). The Treuhandanstalt privatisation agency took over the plant and sold it to Daimler-Benz at a knockdown price in 1991.

Daimler Truck was created in 2021 through spinning-off the truck and bus division from the former Daimler AG. The Mercedes-Benz Group (cars and vans), with around 164,000 employees, and Daimler Truck (trucks and buses), with 108,000 employees, are today two independent companies, each separately listed on the stock exchange.

Daimler Truck is already active in arms and military goods on a considerable scale. It produces the Zetros, a truck suited to heavy off-road use that is deployed by many NATO states for supply and logistics purposes, the Arocs heavy-duty tractor unit, suitable for transporting tanks, and the Unimog, a light truck used worldwide as a troop carrier and medical vehicle.

Under the new umbrella brand "Daimler Truck Defence," the company intends to consolidate its global defence activities, with revenue and investment targets being significantly raised. Arms revenues are expected to reach €1 billion a year as early as 2028. Sums in the hundreds of millions of euros are to be invested shortly in development, production and capacity expansion.

As a manufacturer of vehicle platforms and chassis, Daimler Truck already cooperates with other arms companies. Vehicles such as the Zetros, for example, serve as launch platforms for drones and air defence systems in cooperation with arms firms such as Hensoldt, Quantum Systems and Helsing. Through partnerships—including with the arms startup ARX Robotics—Daimler Truck is developing unmanned logistics systems and robotic vehicles to support armed forces in operational areas.

Civilian and military production are being closely interlinked. Daimler Truck's website states:

> Daimler Truck's production plants enable close integration of civilian series production and defence-specific expertise. The Wörth am Rhein and Molsheim (France) sites form the backbone of defence production in Europe and allow military variants to be integrated into existing production lines.

The company also offers customers local assembly of Mercedes-Benz trucks with military equipment in their respective countries.

Integrating military variants into existing civilian production lines offers the company several advantages: it does not have to build expensive new factories exclusively for the military. And if an arms boom occurs, or the company receives large orders from the armed forces, the number of military vehicles can be quickly increased simply by scheduling more military units on the existing production lines. If demand for civilian trucks falls, Daimler Truck can keep its production running at capacity with arms orders.

Bayerische Motoren Werke (BMW) was one of the most important arms companies in the Third Reich. At the outbreak of the Second World War in 1939, BMW was already the largest producer of aircraft engines, and from 1942 it exclusively produced armaments. By the end of the war, more than 30,000 aircraft engines and over 500 of the novel BMW 003 jet engines had been manufactured. BMW also built motorcycle-and-sidecar combinations for the Wehrmacht (Nazi Army).

By the end of 1944, around 29,000 forced labourers were employed at BMW, more than half of its entire workforce. More than 1,000 died. Historical research regards BMW as a pioneer in the use of concentration camp prisoners in the arms industry: as early as 1941, company management proposed to the Reich Aviation Ministry that concentration camp prisoners from Dachau be deployed as labour.

The Quandt family, which took control of BMW in 1960 and still owns nearly half of its shares today, was among the most important arms producers in the Third Reich. Günther Quandt was even appointed “War Economy Führer.”

At that time, the Quandts were not yet major shareholders in BMW. They exploited tens of thousands of forced labourers, prisoners of war and concentration camp prisoners, under conditions that were sometimes inhuman, through their battery factory AFA (later VARTA) and the German Weapons and Munitions Factory (DWM). They maintained close contact with the Nazi elite. Following her divorce from Günther Quandt in 1931, his wife Magda married the future Nazi propaganda minister Joseph Goebbels. Günther Quandt’s son and later heir, Harald , grew up partly in Goebbels’s household.

To this day, no Quandt family member has ever faced charges for the crimes committed in the company’s own camps, and the family itself has never made any direct compensation payments to survivors. Benjamin Ferencz, one of the prosecutors at the Nuremberg trials, was unequivocal: Herbert and Günther Quandt—like Alfried Krupp, Friedrich Flick and the leading figures of IG Farben—would have been indicted as major war criminals had prosecutors at the time had access to the documents available today.

Until 2007, the family remained publicly silent about this dark chapter. Only after an ARD documentary, The Silence of the Quandts (2007), did it feel compelled to commission a historian to carry out a scholarly investigation, and who was given access to the company archive for the first time as a result.

So far, BMW has officially held back from arms investment, even though talks about arms contracts are already under way behind the scenes. According to finance daily *Handelsblatt*, BMW, Mercedes and Volkswagen have already held talks with arms companies about a possible transfer of technology in automated driving—classic dual-use territory. BMW cars and motorcycles are already in service with the Bundeswehr as staff vehicles.

The origins of Volkswagen AG lie directly in the Nazi regime. The company was founded in 1937 as the “Gesellschaft zur Vorbereitung des Deutschen Volkswagens mbH” (Company for the Preparation of the German Volkswagen). It was commissioned to produce the “KdF-Wagen” (precursor to the “Beetle”). designed by Ferdinand Porsche but never delivered a single civilian car to the public. With the outbreak of war in 1939, the plant in the specially built “City of the KdF-Wagen” (today’s Wolfsburg, the site of VW headquarters) switched entirely to arms production, manufacturing the Kübelwagen off-roader, the Schwimmwagen amphibious vehicle, aircraft parts and components for the V1 rocket.

Now, of all families, the Porsche/Piëch family—whose ancestor Ferdinand Porsche designed the “Volkswagen” for Hitler, and which today holds the majority of voting rights—is once again betting on war profits.

In 2024, VW chief executive Oliver Blume confirmed that the company was “very specifically” examining an entry into the arms business. At the centre of this is the VW plant in Osnabrück, where an entire car factory could be converted into an arms facility for the first time. Preparations are already well advanced. Production of the T-Roc Cabriolet in Osnabrück is to end in the summer of 2027, after 126 years of car manufacturing at the site, affecting 2,000 to 2,300 jobs.

Since March 2026, VW has been negotiating with the Israeli state-owned company Rafael Advanced Defense Systems over repurposing the plant to manufacture components for the Iron Dome air defence system. Plans include the construction of heavy-duty transport vehicles for missile transport, launch systems, power generators and engines for interceptor missiles.

VW is already active militarily: its subsidiary MAN (Traton) supplies base vehicles for heavy Rheinmetall military trucks, which are also being deployed in the war in Ukraine. Gearbox manufacturer Renk (also a VW subsidiary until 2020) produces drivetrains for Leopard and Puma tanks. Together with Rheinmetall, VW is also producing the Amarok M, a military version of its pick-up truck.

The driving force behind this is IG Metall, which concluded a formal rearmament pact with the Social Democratic Party (SPD) and the arms industry as early as February 2024.

In December 2025, auto supplier Schaeffler signed a letter of intent with Munich-based arms technology company Helsing to jointly develop and scale up drone production. This was followed in June 2026 by a second strategic partnership with French drone manufacturer Delair: a new production line, at a Delair plant in France, is to produce up to 100 drones and interceptor systems a day by November 2026.

CEO Klaus Rosenfeld makes no secret of Schaeffler’s intentions: “We will become a company with an arms business.” Asked whether the defence business could reach €1 billion in revenue within five years, Rosenfeld replied, “Yes, that would be possible”—though he said there was no concrete target yet. Schaeffler’s defence division already generates revenue of €100 million.

Schaeffler is building its own organisational structure for “defence.” As a components supplier, the company also possesses exactly the capabilities required for military systems: drive technology, precision bearings, mechatronics, manufacturing and automation.

Schaeffler’s own history is especially fraught. In 1940, Wilhelm Schaeffler took over a Jewish textile firm called Davistan AG in Katscher (Upper Silesia, now Kietrz, Poland). He did not seize the company directly from its Jewish owner but acquired it at a knockdown price from the Dresdner Bank, for which he was the auditor at the time.

Ernst Frank, the previous owner, was forced to flee the rising tide of Nazism in 1933 and give up his firm, which then passed into the hands of the bank. In 2004, billionaire Maria-Elisabeth Schaeffler, the present owner of the Schaeffler Group, commissioned historian Gregor to investigate the company’s history. Schöllgen disputes that this was “Aryanisation in the strict sense,” but does not dispute the company’s arms production and use of forced labour.

The firm, renamed “Schaeffler AG” after the Aryanisation, produced textiles for the Wehrmacht during the war and later made needle bearings for the arms industry. A publication by the Auschwitz-Birkenau Museum shows that the company was also involved in the industrial processing of hair taken from murdered Jews.

When the Red Army advanced in 1944, the Schaeffler brothers fled with machine parts, raw materials and several hundred employees to Herzogenaurach, the company’s present-day headquarters. From 1946, they began producing first for the Americans and later for the German auto industry. Maria-Elisabeth Schaeffler inherited the company in 1996, following the death of her husband, Georg.

At auto supplier ZF too, arms production and a tank programme are already under way. Together with Rolls-Royce Power Systems, ZF is developing the electrified steering transmission for the hybrid drive of the European Main Ground Combat System (MGCS). The project is commissioned by the Federal Office of Bundeswehr Equipment. Notably, ZF is transferring its automotive expertise directly into a future European weapons system.

Chief executive Mathias Miedreich described the “defence sector” as “an important building block,” but said the company had no intention of becoming an arms manufacturer, since “the arms business, at around 1 percent of our total revenue, is too small for that.”

ZF, founded in 1915 as Zahnradfabrik GmbH in Friedrichshafen, made its name as a supplier to the aviation and auto industries. As early as the first year of Nazi rule, ZF engineers cooperated with Krupp to design Germany’s first tank. From 1936, ZF built gearboxes for the Panzer III and IV. Its relatively small workforce rose to 5,000 by 1938, and revenue increased sixfold within six years.

In 1937, ZF opened another large plant in Schwäbisch Gmünd. The company chronicle, published for its 100th anniversary, states: “ZF owed the largest revenue growth in its history to the Nazi regime.” By the end of the war, ZF was supplying 92 percent of the transmissions in German tanks, as well as reversing gears for naval vessels and steering systems for heavy military vehicles.

From 1941, the Nazi regime organised brutal forced recruitment in the conquered territories to expand the war economy. In Friedrichshafen alone, with its war-critical companies (ZF, Luftschiffbau Zeppelin, Maybach Motorenbau, Dornier), there were around 14,000 to 15,000 foreign labourers and prisoners of war in total. By 1942, forced labourers made up more than half of the town’s roughly 26,650 inhabitants. There, mainly Poles, Russians, French, Dutch and members of other nationalities were forced to machine gears and assemble transmissions.

It was only in the 2000s that the company’s history was disclosed. Further details subsequently came to light. In 1943, ZF had established a branch in Passau under the cover name “Waldwerke GmbH Passau,” which manufactured tank transmissions, bunker doors and small technical parts. Owing to a growing shortage of labour, the Passau II concentration camp subcamp was set up there in early March 1944.

Tyre maker Continental is likewise no newcomer to the arms industry. The company has been engaged in military activities for years. In 2026, it presented an expanded military tyre portfolio at the Eurosatory arms fair in Paris. Continental develops tyres specifically for military vehicles, working with armed forces and military vehicle manufacturers.

Continental AG was likewise deeply implicated in the crimes of the Nazis. Like all German corporations that amassed their fortunes under Hitlerite fascism and its wars of annihilation, Continental only had its criminal history investigated after several decades. Under the title Zulieferer für Hitlers Krieg. Der Continental-Konzern in der NS-Zeit (“Supplier for Hitler’s War: The Continental Group in the Nazi Era”), the company published a study by Munich historian Professor Paul Erker in 2020—75 years after the fact—cataloguing its crimes.

According to Erker, Continental was a “pillar” or, in effect, “the real backbone” of the Nazi arms and war economy. The company employed around 10,000 forced labourers during the Second World War—including Italian “young fascists,” Belgian and Danish contract workers, French and Russian prisoners of war, so-called “Eastern workers,” and, towards the end of the war, concentration camp prisoners, who were made to produce gas masks or test rubber soles under extreme stress conditions.

Auto supplier Hella, a leading manufacturer of lighting technology such as headlights and taillights, as well as automotive electrics, likewise already has a substantial military division. It produces, among other things, blackout headlights, infrared lighting, convoy lighting, military interior lighting, electronics, sensors and lighting for tactical vehicles.

Hella, too, was a war profiteer. Under the Nazi state, Hella produced standard-issue wartime headlights in extremely large quantities for Wehrmacht military vehicles. Hella (then known as WMI—Westfälische Metall-Industrie) also employed forced labourers and prisoners of war on a large scale; from 1944, 344 Jewish women were even transported directly from Buchenwald concentration camp to Lippstadt, to be exploited at the Hella works there.

Citing a “growing need,” chief executive Stefan Hartung said in February 2026 that Bosch was “very intensively involved in many projects in the defence business.” Bosch does not position itself as an arms manufacturer but instead relies on so-called dual-use goods—components produced for civilian vehicles that can also be used militarily.

Bosch is visibly keen not to damage its civilian image as a charitable enterprise under the Robert Bosch Foundation, with a self-imposed code of conduct governing ethical and legal standards across all its business activities. The arms business should not be a substitute for its ailing auto business, and Bosch will not “turn into a tank manufacturer,” Hartung declared.

The extent to which Bosch is already embedded in arms production is shown by its subsidiary Bosch Rexroth, which supplies drive and control technology as well as complete system solutions for defence technology, based on proven civilian components modified to meet military requirements. Its Lohr am Main site is certified to NATO quality standard AQAP 2110. According to Hartung, “there is no tank that runs without us.”

Like VW, Mercedes and other corporations, Bosch is using the growing arms sector to carry out its planned cuts of more than 22,000 jobs in a “socially responsible” manner. “Where we have to restructure, we support employees who are interested in moving into this sector,” Hartung said. He can count on the support of IG Metall in doing so.

Mahle does not yet have its own “defence division,” but as the company diversifies, new applications, including military components, are explicitly under discussion.

Wikipedia describes Mahle as “one of the largest suppliers of engine and aircraft components,” which became “part of arms production.” In 1944, at the height of arms production, Mahle employed 6,200 workers, including foreign and forced labourers.

The entrepreneurs Robert Bosch and Hermann Mahle are generally regarded as having been opponents of Nazism and are associated with the bourgeois resistance. Yet both of their companies collaborated with the Nazi regime and oriented their plants heavily towards arms production.