# Mercedes halts investment and threatens German plant closures

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The executive board of Mercedes-Benz has threatened to close plants in Germany. A decision had been taken “to stop all further investment in German sites,” board member for production Michael Schiebe said in an interview published on the company’s intranet.

Schiebe justified the decision by saying that despite numerous intensive talks with the IG Metall union, no “path to a solution” could yet be discerned, and that it was not possible to invest in Germany with today’s cost structures.

Head of human resources Britta Seeger followed this up, saying the company now needed a decision on workforce concessions in its negotiations with the works council. “At present, this is not in sight. We are therefore now forced to examine concretely and in detail which sites we can still afford in Germany.” Closures were to be avoided “at all costs,” she said, but this option now had to be “pursued more concretely, unfortunately.”

The announcement is an undisguised declaration of war on the workforce. The company is openly threatening to close entire plants and freeze all investment in Germany unless workers are prepared to work longer for less money. After a string of cost-cutting programmes, through which the executive board has for years offloaded the costs of the international crisis of capitalism onto workers, it is now intensifying the attack.

### A rigged game

The timing of the announcement is no accident. Collective bargaining in the metal and electrical industries is currently under way, and IG Metall has called warning strikes in which, according to the union, almost half a million workers have taken part. The threat of plant closures and an investment freeze is intended to intimidate workers and put the union leadership in a position to sell a massive attack on wages and jobs as a “compromise.”

This theatre between management and IG Metall is all too familiar. Both sides stage an escalation to pull the wool over the eyes of the workforce and the public—only to announce later that a compromise has been reached in tough and painful negotiations. IG Metall then presents this as a success. In reality, the two sides are already largely agreed on devastating attacks on the workforce.

This is exactly how things have gone in recent years. At the end of 2024, the works council agreed on the “Next Level Performance” cost-cutting programme with the executive board, which was to save €5 billion a year—a large part of it through job cuts. In 2025, the company then saved €3.5 billion. The annual profit-sharing bonus fell from €7,300 in 2023 to €3,139 in 2025. Some 40,000 employees outside production were urged to leave the company in return for severance pay; 5,500 did so. And now the attack is to be stepped up further.

### 40 hours instead of 35—for the same wages

The company’s central demand is an extension of working hours. The executive board is demanding that employees work longer for the same wages, justifying this by the slump in profits in the car business. Under discussion are 40 hours a week instead of 35.

Seeger argued that the conditions under which the reduction in working hours was agreed to in 1995 no longer existed. More working hours could raise productivity rapidly without changing employees’ pay, she said. At the same time management wants to cut or abolish special payments, voluntary benefits such as the profit-sharing bonus, and collectively agreed components such as holiday and Christmas bonuses.

That Mercedes can contemplate this at all is only because of IG Metall. The so-called “Pforzheim Agreement,” concluded in February 2004 between IG Metall and the employers’ association Südwestmetall, contains an opt-out clause allowing individual companies to undercut the terms of the industry-wide collective agreement for a limited period—for example, by extending the existing 35-hour week even without paying for the additional hours. The only precondition is that the deviation demonstrably serves to secure or create jobs and that all those involved—including the works council and the parties to the collective agreement—give their consent.

IG Metall has long since prepared precisely this consent. It does not reject the 40-hour week in principle. It has already signalled that it would agree to an extension of working hours if there were “clearly defined concessions in return,” such as site guarantees or investment commitments.

This is the language of the sell-out. The union is prepared to sell off the historic gain of the 35-hour week if, in return, the company makes a few vague promises that it can break at any time.

The company wants to agree on the “variabilisation” of collectively agreed standards—including the extension of working hours from 35 to 40—directly with the works council. General Works Council Chairman Ergun Lümali has stressed that the works council was “solution-oriented” and would “contribute in this difficult situation in which our company finds itself.” He complained, “Instead of investing in

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innovation, AI and robotics and attractive products at the German sites, the executive board is threatening us with relocating sites to Eastern Europe."

This "defence of the sites" is a trap. First, it serves to divide workers and secure the company's profits. Second, the formula for the "compromise" is already being prepared: "safeguarding sites"—in other words, cuts—in Germany in exchange for investment in "innovation."

**"Go East"—blackmail by relocation**

The main reason for relocating to Eastern Europe is the exploitation of cheap labour. That is why Lümali and IG Metall also backed the transfer of production of the A-Class model to Hungary. Workers in Germany are being blackmailed into working under the same conditions as in Eastern Europe—otherwise plants will be shut down.

Only in July 2026, Mercedes opened its expanded plant in Kecskemét, Hungary. CEO Ola Källenius called it a "key site." Global competition was becoming ever fiercer, he said—in technological terms as well as in terms of cost, speed and quality. Factories like the one in Kecskemét were a competitive advantage and "powerful proof that the highest quality and the highest cost efficiency can go hand in hand."

Back in February, chief financial officer Harald Wilhelm had issued the slogan "Go East" and proudly declared that the Kecskemét plant was being massively expanded—at the expense of plants in Germany.

Such decisions used to be taken in secret; today the executive board brazenly proclaims that factor costs—meaning, above all, wages—are 70 percent lower in Hungary than in Germany. Production chief Schiebe claimed that the cost of an hour's labour in production was in some cases up to five times higher in Germany than at sites in Eastern Europe. New models would be built exclusively abroad if no agreement was reached.

Källenius also goes into raptures about the United States. It was "incredible," he said, what incentives politicians there offered for investment. "Go East" is being joined by "Go West."

IG Metall's role in this process is telling. It does not support Hungarian workers in the fight against low wages and poor working conditions, but has actively helped to establish so-called "social partnership" in Kecskemét.

In February 2017, IG Metall opened an office of its trade union training and advisory institute, TPI Gy?r Nonprofit Kft., directly in Kecskemét in order to strengthen the work of its Hungarian partner union VASAS. Through the partnership project, it trains Hungarian works council members and shop stewards in labour law, negotiating techniques and works council practice, and actively supports the building of structures for recruiting members at the new plant.

The aim is not solidarity but control. IG Metall helped to place Hungarian workers within the straitjacket of "social partnership," much as in Germany, where it handsomely rewards the union bureaucracy as co-managers. At the same time, it is whipping up nationalist agitation in Germany against Hungarian workers who are supposedly "stealing" jobs. This division of the working class along national lines is the core business of the union bureaucracy.

**The profits keep flowing**

While auto workers are to toil more for less money, profits continue to flow unhindered into the pockets of shareholders and managers. For the 2025 financial year, shareholders of the Mercedes-Benz Group received a total dividend of around €3.35 billion—€3.50 per share, approved at the annual general meeting on April 16, 2026 and paid out on April 21, 2026.

CEO Ola Källenius pocketed total remuneration of €8.782 million, followed by Britta Seeger with €4.149 million and Harald Wilhelm with €4.083 million. Given these sums, Seeger's cynical remark that the executive board would also make financial sacrifices, because managers had received no increase in two pay rounds, is an insult to the workforce.

The executive board's argument is transparent. It cites tariffs, price pressure, weaker demand and intense competition, "particularly from China," in order to make workers pay for the crisis of capitalism. But the crisis was not caused by workers. It is the product of a system in which shareholder profits take absolute precedence over workers' wages and jobs.

**The task facing workers**

The unavoidable task facing workers at Mercedes is to fight for unity with their colleagues in Hungary and internationally, and to form action committees to prevent mass layoffs and plant closures.

IG Metall and its works council representatives will not wage this fight. They are part of the problem, not part of the solution. They sit on the supervisory boards, have co-signed every job cut and are closely bound up with those sitting in the executive suites politically, financially and personally. They cannot be reformed "from within" or "pushed to the left."

Workers must break with the IG Metall apparatus and its works councils and form independent rank-and-file action committees that are elected by workers themselves, accountable to the workforce and free of full-time union officials. These committees must defend all jobs at all sites as a matter of principle, reject any extension of working hours and any wage cut, and link up with workers at Volkswagen, Bosch, Schaeffler and throughout the auto and supplier industries—in Germany and internationally.

The fight against plant closures and wage theft can only be waged as an international struggle of the working class. German, Hungarian and American workers have the same enemy: the corporations and their shareholders. Their unity is the only weapon capable of countering capital's attacks.

Workers who agree with this should contact the Action Committee. Get in touch via WhatsApp on +49 163 337 8340 or register using the form below.

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