German auto and supplier industries announce job cuts on a daily basis

K. Nesan
12 November 2024

The announcement by Volkswagen that it plans to close three plants, wipe out thousands of jobs and massively reduce the wages of its remaining employees, is not the only attack on the working population in recent weeks. Hardly a day goes by without another company announcing massive job cuts at an international or national level.

On Tuesday, November 5, the French tire manufacturer Michelin announced the closure of two plants, resulting in the loss of 1,250 jobs. The company, founded 135 years ago, cited high costs and cheap competition as the reason for the closure of the Cholet and Vannes sites in western France.

Two days later, on Thursday, Nissan announced the loss of 9,000 of its total of 134,000 jobs worldwide. In a statement at the Tokyo Stock Exchange, the company announced it would implement a strict austerity program following disappointing business results. For a second time, Nissan has reduced its operating profit forecast for the current financial year, from 500 billion yen to 150 billion yen. Retail vehicle sales in China fell by 5.4 percent in the first half of 2024 alone.

On the same Thursday, the media reported the loss of at least 4,500 jobs at Audi in its “indirect sector,” for example, in research and development. It remains unclear whether the job cuts will be limited to this number. Audi employs 54,000 workers in Germany.

Just a few days ago, Audi’s Chief Financial Officer Jürgen Rittersberger had given assurances that the current employment guarantee would remain in place until 2029. Now, Audi management has announced that the guarantee agreed with the company works council includes an exception in the event of a deterioration in the business environment. According to the head of the central works council, Jörg Schlagbauer, the company has already entered into negotiations with the works council. However, no information has been released about the actual number of planned redundancies.

In common with other carmakers, Audi was confronted with a huge 16 percent decline in vehicle sales—down to 407,000 units in the third quarter. Operating profits fell by 91 percent to €106 million.

Bosch-Rexroth, which belongs to the Bosch Group, announced on Wednesday that it would cut 300 jobs at several plants in Bavaria. This reduction is in addition to the 7,000 job cuts worldwide, most of them in Germany, that have been announced gradually over the past few months.

Bosch CEO Stefan Hartung told the *Tagesspiegel* newspaper that he could “not rule out the possibility that we will have to further adjust personnel capacities.” Bosch had already announced a massive job cut in March, and 25,000 employees protested violently against the plans. The IG Metall union, which led the protest, has since been in negotiations with management and has agreed to a collectively agreed reduction in working hours from 40 to 35 hours, which means a pay cut for thousands of employees.

In 2023, Bosch had a turnover of €92 billion, and according to Hartung, the expected increase will not be achieved in 2024. Instead, the sum will be slightly lower than in 2023. Hartung complained that the return on sales would be 4 percent, 1 percent lower than in the previous year. He promised that Bosch would still be “keeping a close eye” on the 7 percent target.

The auto supplier Schaeffler, based in Herzogenaurach, announced earlier this week that the group will cut 3,700 jobs in Europe, 2,800 of them in Germany. The company employs 120,000 people worldwide. As recently as October, Schaeffler took over the Vitesco Technologies Group AG in Regensburg, a competing auto supplier with 35,000 employees.

Schaeffler management declared competitiveness to be its central goal and left open the question of whether further job cuts could be expected. Meanwhile, it named three goals that the company is striving for: 1. Optimisation of profit margins. 2. Exploitation of synergies from the takeover of Vitesco. 3. Mastering the ongoing transformation process in the auto industry. The aim of the job cuts is to increase potential savings to €290 million per year for five years.

ZF Friedrichshafen, another major auto supplier, is also making massive job cuts. The workforce at the ZF plant in Brandenburg an der Havel was informed at a staff meeting on Wednesday about the loss of 850 jobs by 2028. The plant’s 1,600 employees produce gear wheels. IG Metall claims not to have been informed. After the works meeting, which was convened by management and IG Metall’s Stefanie Jahn, the first authorised representative of IG Metall Oranienburg-Potsdam, she said she was currently unaware of any negotiations on how the measures could be implemented in the "most socially acceptable way possible."

In mid-October, ZF had already announced the elimination of 1,800 jobs at its Saarbrücken plant by the end of 2025. This number will increase to 4,500 by 2028 if it does not receive enough orders to increase its profit margin.

In mid-July, ZF had already announced the dismissal of 14,000 employees and the closure of several plants. The magazine Wirtschaftswoche reported from internal documents on the restructuring plan (without, however, giving a figure) that 15 plants with 300 or fewer employees are threatened with closure, but that larger sites such as Friedrichshafen must also expect massive job cuts.

As a ZF spokeswoman in Saarbrücken confirmed, all plants in the district are being scrutinised to ensure competitiveness. She pointed out that this could only be achieved through the collaboration of IG Metall at the expense of the employees. The negotiations are centred around what needs to be done to get back on the road to success. She threatened to close the Saarbrücken plant with 10,000 employees if the concessions were insufficient: "Only if that doesn't work, selling the site or closing it down will be considered as a last resort."

At the end of September, ZF revised its forecast slightly downwards for its sales for 2024. Total sales are expected to fall from €42.5 billion- €43.5 billion to €40 billion-€42 billion. The expected adjusted EBIT margin is expected to fall from 4.9-5.4 percent to 3-4 percent.

At the end of September, auto supplier WKV (Walter Klein Group) filed for bankruptcy. The company, which is known for producing decorative trims for VW and BMW, faces the loss of 3,800 jobs and the closure of its plants in Velbert and Wuppertal.

In 2022, WKV was supported by the North Rhine-Westphalian state government with a loan. Now the company is looking for investors or buyers. Negotiations with an American company about a sale failed at the end of June. Most recently, the company generated 560 million in sales, primarily in Europe and the United States.

WKV, a long-established company, was founded in 1940; its predecessor, Julius & August Erbslöh GmbH & Co. KG, was nearly a century earlier in 1842. Henner Pasch, president of the Bergisch Chamber of Industry and Commerce, raised the alarm on behalf of the company and appealed to the federal government: "I fear that if nothing changes on the political side, this will not be the last insolvency among the Bergisch auto suppliers."

Magna, Germany's largest auto supplier, with 168,000 employees worldwide, currently operates 30 production sites in Germany with 13,700 employees. According to the *Schwäbische Zeitung*, the company no longer considers many of these plants to be economically viable and is planning to close an undisclosed number of sites. The number of job losses has not yet been announced.

Meanwhile, in mid-October, Magna announced the closure of the plant in Rosenberg (Baden-Württemberg), which will result in the loss of 350 jobs. It also plans to close the Magna plant in Neumarkt in Oberpfalz, which will result in the loss of 100 jobs. The Magna plant in Soest is cutting 400 jobs. In this context, Christian Thoenes, the first rep of the IG Metall Hamm-Lippstadt trade union, announced at the end of September that half of the 800 employees would be laid off by the end of 2025. The company announced that the decision had been taken after months of negotiations with management, IG Metall and several lawyers.

Resistance to these brutal attacks is growing among the workers. However, a word of warning: however great the workers' fighting spirit may be, the traditional way of relying on the leadership of the IG Metall or other trade unions in industrial disputes will invariably end in defeat. One example illustrates this.

In February, Tadano Europe, a subsidiary of the Japanese crane manufacturer Tadano, announced the closure of one of two sites in Zweibrücken by summer 2025 at the latest. Tadano is the largest employer in the town of 35,000 in the western Palatinate region, and the closure will result in the loss of 400 jobs. The company employs a total of 1,200 people in the two plants. Tadano also has a site in Lauf in Bavaria.

After several months of negotiations, IG Metall was forced to call a strike ballot at the beginning of September. Some 92.9 percent of employees voted in favour of an unlimited strike. However, after 19 days, the works council signed an agreement that does not differ significantly from the company's original demand. Instead of 400 jobs, 249 will be cut, and one of the two plants in Zweibrücken, the Wallerscheid plant, is to be sold off.

The IG Metall negotiator, Salvatore Vicari, pronounced: "We are very happy with the result"—the striking workers had a very different opinion.

From the beginning of the industrial action, IG Metall did everything it could to isolate the struggle. Apart from formal declarations of solidarity, it refused to mobilise the workforce in the region, let alone at a national level, to support the strike. This strategy of IG Metall to divide workers between plants and companies is aimed at controlling them and preventing any independent action.

The experience at Tadano shows the necessity for independent organisations in the form of action committees, which put the interests of workers and their families above the profit interests of the corporations, shareholders and super-rich, to expand the struggle and ensure its success.