

Crisis-hit Volkswagen scraps German job protection deal

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Volkswagen employees protested at the start of a automaker's general meeting last week after it said earlier in the week it could take the unprecedented step of closing production sites in Germany.

Volkswagen on Tuesday axed an agreement protecting jobs in Germany that had been in place three decades, as the ailing auto titan pushes ahead

with a controversial cost-cutting plan.

Europe's biggest carmaker said it had officially notified unions about the end of the deal, whose current version guaranteed jobs at German plants until 2029.

Even after the deal's termination, jobs are still protected until the end of June next year.

"We must put Volkswagen in a position to reduce costs in Germany to a competitive level in order to invest in new technologies and new products from our own resources," said VW in an internal memo.

It called for talks with employee representatives to secure the "long-term competitiveness" of Volkswagen, whose brands range from Porsche and Audi to Skoda and Seat.

Volkswagen made the bombshell announcement last week that it was considering the unprecedented step of closing factories in Germany, where it employs about 300,000 people, for the first time in its 87-year history.

The group is battling high manufacturing costs in Germany, a difficult transition to [electric vehicles](#), as well as fierce competition in key market China from homegrown rivals.

VW had already flagged earlier that a series of agreements with employee representatives would be axed. But Tuesday's move nevertheless sets the stage for a tough showdown with workers.

Daniela Cavallo, chairwoman of VW's powerful works council, vowed to put up "fierce resistance to this historic attack on our jobs. With us, there will be no layoffs".

After VW announced possible factory closures in Germany, thousands protested at the group's historic Wolfsburg headquarters last week as executives sought to justify the plans.

The trouble at Volkswagen has also come as a heavy blow to Chancellor Olaf Scholz's government at a time the domestic economy was already struggling.

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