German firm Siemens intensifies job cuts

By Elisabeth Zimmermann
9 October 2013

At the end of September, Siemens' chief executive Joe Kaeser announced that 15,000 jobs would be eliminated globally, including 5,000 redundancies in Germany. The company currently employs close to 370,000 worldwide and has 119,000 employees in Germany.

The industrial division will be hardest hit by the layoffs in Germany, with 2,000 jobs cut. The energy division and the division of infrastructure and cities, which includes the rail department, will each lose 1,400 jobs. A further 200 jobs will go at the company's central headquarters.

In North-Rhine Westphalia, where 20,000 of the close to 120,000 Siemens employees work, 800 jobs will be eliminated, according to a report in the *Rheinische Post* .

At the Krefeld-Ürdingen plant, which produces inter-city trains, 221 jobs are to be axed. This is equivalent to a 10 percent reduction in the current workforce. In addition, 96 positions will be eliminated in research and development at Krefeld-Ürdingen, as part of the "rail on track" savings programme. This move will mainly affect engineers.

The layoffs are taking place even though Siemens is behind schedule in the delivery of inter-city trains to Deutsche Bahn due to problems with software and licensing. As a result of the delay, Siemens agreed to pay €260 million in compensation.

This money is now to be recouped by laying off workers and increasing pressure on those who remain. The software problems, as well as difficulties in other areas relevant for security, will continue to increase as a result of the layoffs; the necessary capacity and time to develop and test the systems will not be available.

In the rail department, 700 jobs will be cut from a total of 6,000. According to research by *Die Welt*, 340 jobs will be affected at the Erlangen facility. In Erlangen and Krefeld/Ürdingen, the works councils stated that the job cuts had been "finalised through negotiation" and are to follow termination agreements, part-time work schedules for older employees or redeployment. This makes clear that the works council and IG Metall have already backed the measures.

When Kaeser announced the 15,000 job cuts, IG Metall and the works council claimed that they were "surprised and extremely angry." In fact, the union had been informed for some time and was involved in the planning of the layoffs and their implementation.

The day after Kaeser's announcement, works council chair Lothar Adler accused Siemens of "creating panic." In reality, the layoffs are an integral part of the cost-cutting programme "Siemens 2014," which has been in operation since 2012.

With the full agreement of the workers' representatives, half of the 5,000 job cuts in Germany are in the process of being implemented in the current business year of 2012-2013. According to a company spokesman, negotiations with the employees' organisations are in full swing in the areas affected and are close to a conclusion.

Nonetheless, the exact number of jobs affected by Siemens cost-cutting measures had not been publicly revealed until just recently. This is likely connected with the concerns of the works council and IG Metall, who want suppress opposition to the layoffs.

Kaeser's announcement of 15,000 job cuts signifies an intensification of its previous plans. Prior estimates had anticipated some 10,000 layoffs as part of the "Siemens 2014" savings programme.

Moreover, there are indications that the figure will not remain at 15,000. As the *Rheinische Post* wrote on October 1, the company had announced 15,000 job cuts in order to challenge a report by analysts at JP Morgan suggesting there would be up to 30,000 layoffs.

On October 3 and 4, *Die Welt* pointed to the expectations of the financial markets, which are anticipating a rate of return of 12 percent on Siemens stock, a figure that Kaeser’s predecessor Peter Löscher failed to achieve. The gap between Siemens and its competitors General Electric and ABB is not acceptable, according to investors.

Workers at Siemens should expect further attacks on their jobs and social benefits. IG Metal and the works council stand on the side of the company. As co-managers, they have taken over the responsibility to, in their own words, impose planned layoffs “as smoothly as possible.” They will offer no resistance to the decimation of jobs and workers’ living standards and are solely concerned with securing their own positions and associated privileges.