

Allow me to introduce myself. My name is Uwe Fritsch. I am the chairman of the Works Council of the Volkswagen plant in Braunschweig, Germany. In Braunschweig we manufacture auto parts, mostly axles, which we supply to just about all the brands within the Volkswagen Group. The plant employs a workforce of 6500 well trained and highly qualified people.

I can only roughly outline for you here today the most important aspects of social and ecological remodelling of the auto industry as I see them from my perspective as a labour representative and trade unionist. I have brought along charts to guide us through the points I wish to discuss.

Chart 1:

The topics I wish to address today are ...

- The relevance of the European automotive industry
- The hallmarks of the crisis
- The extent of the crisis
- Social and ecological requirements
- The conditions needed to help us assert our demands
- International labour operations as exemplified by the Volkswagen model

Let me first state clearly what it is we are talking about here. We are talking about one of the most vital branches of industry within the European Union. An industry of global significance.

Chart 2:

Western Europe, including the new member states, accounts for 30 per cent of worldwide automobile production.

2.1 million workers are employed in the immediate core sectors. Add to that the indirect sectors and the figure adds up to more than 12 million workers in Europe whose livelihoods depend on automobile manufacturing. That isn't just a number. We are talking about 12 million people and their families whose prospects are under discussion here.

Back in the 1990s, Germany's metalworkers' trade union, IG Metall, had already developed concepts on how the automotive industry might be transformed to serve ecological objectives.

Until now, those concepts have not met with the kind of support from the workforces which is needed to push through alternative ideas. Crisis situations may not automatically help to improve the prospects for asserting such goals. But they do present opportunity to create awareness for just how urgent the need for action is. For the automotive industry, it's not just about the impact of the financial crisis. There are more factors that all come together. Factors we typically identify with capitalistic forms of economic activity.

Chart 3

- It is typical to see periodic macroeconomic crises marked by overcapacities built up during times of economic boom. An economic downturn was

foreseeable for the automotive industry, it was as elsewhere. We have built up surplus capacities of 15 to 25 per cent on a global scale.

- This situation is exacerbated by a distribution crisis. Neoliberal politics has increasingly widened the gap between rich and poor. The bulk of European citizens disposed over less and less of the income needed to sustain demand while tax advantages put growing amounts of capital at the disposal of businesses and people with exceptionally high incomes. This resulted in an accumulation of capital and ultimately led to
- The financial crisis. It turned out to be more profitable to speculate on the financial market than to invest in creating sustainable value in the real economy.
- At the same time it also became clear that immediate action was necessary to save our environment. In the automotive industry, this circumstance led to a structural crisis as well. A quantitative shift in the demand for cars to other markets outside Europe was accompanied by a qualitative shift to new types of vehicles and drive concepts. We are even seeing discussion on restricting personal forms of transportation.

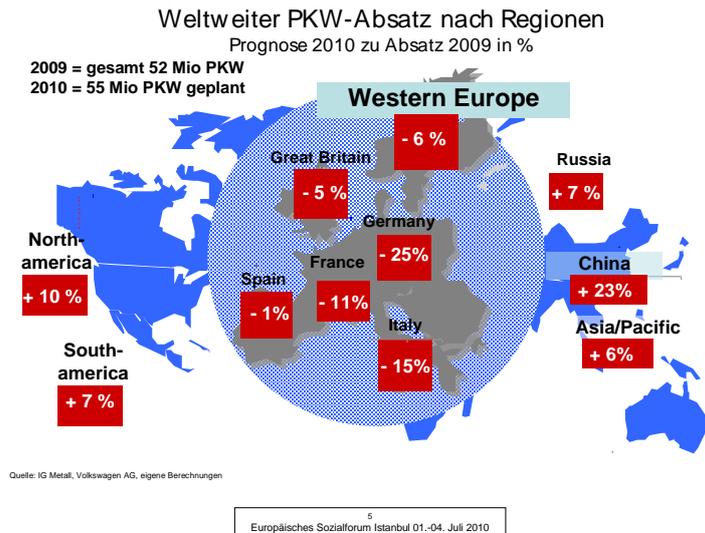
To be able to survive, long-term, on the capitalistically competitive marketplace, carmakers are forced to forge ahead with the development of environment-friendly automobiles and to give thought to mobility concepts for the future that will allow them to cut out a market position for themselves.

The crisis, therefore, is intrinsically a consequence of the system, but was also fuelled by political decisions.

Let us now look at what the crisis means for the automotive industry and the people employed by it.

Chart 4

- Automobile sales in Europe are stagnating – albeit on a high level. And make no mistake, most people will continue for a long time to come to want, and need, their own cars, even in Europe, as long as public transportation and infrastructure are not improved. Which is why I believe that the automotive industry is not a dying industry. My understanding of transformation is not that we should discontinue automobile production and completely replace it with other products. I regard transformation to be a process involving the ecologically sustainable production of environment-friendly motor vehicles, the reduction of overcapacities and the development of additional areas of employment.
- This is the picture that presents itself... (*Chart 5*)



(back to Chart 4)

- The situation is compounded by the fact that European carmakers are experiencing fiercer competition from Asia, with Asian carmakers increasingly targeting the European markets.

The most serious social relevance of this situation is the repercussions it has for the job market. Unemployment is on the rise

- Due to accelerated streamlining, with the capitalistic price war being waged on the backs of the workforce
- Due to a reduction in opportunities for temporary employment
- Due to insolvencies in the sector for components supply
- Due to the shut-down of production sites – Opel in Antwerp, for example.
- And due to accelerated concentration processes

What are the challenges we in the automotive industry face?

Chart 6

I consider there to be two goals of equal importance that we need to jointly pursue:

- To prevent unemployment
- And to develop ecologically viable mobility propositions

One of the essential prerequisites for achieving these goals is a shift in the political focus in Europe. The EU needs to move away from fashioning rescue parachutes for banks and move, instead, towards making sustained investments of the kind that will secure employment and protect the environment.

How can we prevent unemployment?

Chart 7

- Through sustainable policies for industry that support transformation of the automotive sector

- Meaning to reduce overcapacities while at the same time safeguarding the employment status quo by exploiting new commercial fields
- And meaning to run training programmes
- Through the reduction of precarious forms of employment – job leasing, for example
- By reducing working hours. Conceivably even with the help of government subsidisation

What does ecological transformation of the automotive industry need to entail?

Chart 8

- We need to develop environment-friendly automobiles. That includes reducing CO2 emissions through lightweight construction and the use of regenerative sources of fuel. Electric cars are one option. And allow me to make an observation with respect to the debate surrounding electric cars: Development in this area is important and necessary both from an ecological perspective and for the sake of securing employment. However, electric cars will only relieve the burden on the environment if they are made to run a hundred per cent on renewable forms of energy. And even so, we'd still have a long way to go before they are likely to pose any serious competition for conventional motor vehicles in terms of their distance range and price. What's more, they only really represent another variation on personal transportation, with people just as likely to eventually want to own two or more of them. That is why transformation of the automotive industry needs to be accompanied by
- The development and promotion of universal concepts that feature ecological mobility propositions

Alas, making demands and formulating concepts are not enough. We need to be able to assert and implement them too. And for that we require the backing of the workforce and the trade unions in the automotive industry. It is important, therefore, to examine more closely what sort of conditions need to be established to enable us to effectively assert our demands.

Chart 9

- Transformation must not be allowed to pose a threat to the workforce. It needs to be perceived as an opportunity for the sustained protection of jobs and the environment.
- Transformation needs to be accompanied by training and social safeguards
- Transformation in one country must not transpire to the detriment of jobs in others. The onus must be on avoiding competition among sites.
- Transformation must transpire in concert with the workforce and the trade unions. And that necessitates better opportunities for co-determination at the corporate level.

If we wish to move forward in pursuit of a social and ecological Europe, we need cross-border collaboration. If the starting conditions are the same everywhere, we will be more likely to see our demands met. That is why we need uniformity. We need to improve potential throughout Europe for asserting influence on corporate

decision-making. The first step will be to achieve uniformity at the corporate level. I would like to cite an example which shows that it is possible to move forward in that direction. I use the example of the international operations of labour representatives at the Volkswagen Group.

Chart 10

Internationale Arbeit am Beispiel Volkswagen



**50 Jahre VW-Gesetz
20 Jahre Euro-Betriebsräte
10 Jahre Welt-Konzernbetriebsrat**

Erklärung
zu den
sozialen Rechten und den industriellen Beziehungen
bei Volkswagen
Sozialcharta 1992
Präambel

Volkswagen dokumentiert mit dieser Erklärung die grundlegenden sozialen Rechte und Prinzipien. Sie sind Grundlage des Selbstverständnisses der Unternehmenspolitik von Volkswagen. Die in dieser Vereinbarung beschriebenen sozialen Rechte und Prinzipien orientieren sich an den einschlägigen Konventionen der Internationalen Arbeitsorganisation.

Charta der Arbeitsbeziehungen 2009

**VW-Konzernvorstand, Internationaler Metallgewerkschaftsbund
und VW-Arbeitnehmervertreter unterzeichnen
weltweit gültige Charta der Arbeitsbeziehungen**

Zwickau, 29. Oktober 2009 – Als erstes Unternehmen hat der Volkswagen Konzern eine weltweit gültige „Charta der Arbeitsbeziehungen“ verabschiedet. Sie setzt für den gesamten Konzern verbindliche Mindeststandards in den Beteiligungsrechten der Arbeitnehmervertretungen auf betrieblicher Ebene. Anlass der Unterzeichnung des Vertrages zwischen Arbeitnehmervertretungen, Unternehmensleitung und Internationalem Metallgewerkschaftsbund war die Sitzung des VW-Weltkonzernbetriebsrats im Volkswagen Werk Sachsen in Zwickau. Dazu kamen Arbeitnehmervertreter der mehr als 60 Konzernstandorte aus 15 Ländern, der Konzernvorstand von Volkswagen sowie die internationalen Personalleiter des Konzerns zusammen.

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Europäisches Sozialforum Istanbul 01.-04. Juli 2010

Now a global player, Volkswagen was originally established in 1938 using trade-union funds expropriated by the Nazis. After the war, the British military government placed Volkswagen under the trusteeship of Germany's federal government and the State of Lower Saxony. It was converted to a stock company in 1960, with some of the stock going to private shareholders. This process was preceded by long and heated debate. At the end of the day, privatisation was only possible by conceding special rights to the government and granting labour representatives extended co-determination rights, including co-determination on decisions concerning the installation or the closure of production sites. These rights were inscribed in the so-called VW Law. This law puts restrictions on shareholders concerning all decisions taken the world over, given that the Group's headquarters is in Germany and that the German VW Law therefore applies to all the decisions taken by the Supervisory Board. It stands to reason that a law of this kind will meet with hostility, time and again, from neoliberal forces. Our demand, therefore, is that a relevant law be established to apply to other companies as well. Why not have a Deutsche Bank Law or a Siemens Law that similarly expand the influence of the workforces in those organisations?

Expanded co-determination rights as inscribed in the VW Law as well as an above-average degree of trade-union membership have made it possible to install a European Group Works Council. Even before pertinent statutory regulation was introduced. And for ten years now, we have also had a Group Global Works Council. It is thanks to these bodies that a social charter was able to be introduced in 1992. The charter is applicable around the world and it regulates things such as a ban on child labour at VW and all its components suppliers. Last

year we also adopted a charter on labour relations. This particular agreement dictates that employee representatives at all Volkswagen sites must be granted participation and co-determination rights. The actual details of regulation are determined by the respective labour representatives in each country.

My example illustrates how progress in the area of international collaboration can be achieved at the corporate level. That said, I won't pretend there aren't any problems. One such problem is the language barrier. Our managers all speak English, but we rely on dozens of simultaneous interpreters at our European Works Council and Group Global Works Council meetings. And management's stated requirements plus dozens of trade-union and political positions on our side all have to be somehow reconciled. To build a bond of mutual trust under these circumstances – the type of trust that allows us to work on a united front – takes time and perseverance. But it is only on this basis and by keeping the workforce on board at all times that we can move forward in concert to transform the automotive industry.