

International Bulletin



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VW strike in Brazil over sackings

Workers at Volkswagen's largest factory in Brazil have gone on strike after the carmaker said it was sacking 1,800 staff as part of restructuring reforms.



The industrial action will last "indefinitely" and is because of the redundancies, union workers said.

The German firm has been in talks over redundancies, wages and possibly closing the Sao Bernardo do Campo site. Volkswagen has been hit by the steep appreciation of the Brazilian real against the US dollar. This has made it harder for carmakers in Brazil to export viably to foreign markets.

Volkswagen said last week it needed to push through restructuring reforms. The job cuts it has announced are due to take effect on 21

November. Foto: Raquel Camargo

About 12,000 people are employed by VW at the plant, also known as Anchieta, which makes 960 vehicles a day including the Fox and the iconic VW Kombi. The German firm employs 21,000 people in Brazil overall.

The strike comes a day after a \$232.1m (£122.3m) loan made to Volkswagen from Brazil's state bank was halted until the carmaker concludes talks with unions over planned reforms.

In July, Volkswagen said that between 4,000 and 6,000 workers would have to lose their jobs.

VW Brazil loan stopped over row

Foto: Raquel Camargo

Workers are opposed to Volkswagen's restructuring plan

A \$232.1m (£122.3m) loan to Volkswagen from Brazil's state bank is to be halted until the carmaker concludes talks with unions over planned reforms.

The German giant is in talks over redundancies, wages and the possible closure of its Anchieta factory - its largest in Brazil - near Sao Paolo.

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"We will see the impact of negotiations in the investment strategy," said state development bank head Demian Fioca. (BBC, August 30, 2006)

Brazilian VW workers seek to avert layoffs

The Metalworkers Union of ABC in Brazil announced last Tuesday that it would continue negotiating with Volkswagen management through the end of the week in an attempt to forestall recently announced mass layoffs.

After a mass meeting with factory workers, the union's president, José Lopez Feijó, declared: "We are going to the bargaining table to seek alternatives to the points that VW proposes ... on what to do to reverse the layoffs. If we do not reach an agreement, we will discuss forms of struggle."

On August 21, VW announced that if the negotiations do not progress, it will release a list of 1,800 workers who will be fired without any severance plan. The plan includes provisions for the layoff of a total of 3,600 workers over the coming years.



VW also warned that if workers do decide to carry out strike action against the layoffs, it will consider shutting down its Anchieta plant in São Bernardo do Campo. The shutdown of this factory, one of five VW plants in Brazil, would lead to the sacking of more than 2,500 workers, over and above the 3,600 targeted for firing under the current plan.

The company's "restructuring plan," in addition to the layoffs, calls for the reduction of current benefits for workers.

According to Feijó, the union president, São Bernardo metalworkers will not accept the conditions demanded by VW. Throughout the week, the union held talks with management on alternatives to the firings. But it is clear that Feijó, a loyal follower of Brazilian President Luiz Inacio "Lula" da Silva since the 1980s, is not thinking about a strike, much less a factory occupation. Rather, the alternatives contemplated include offers of increased productivity and efficiency on the factory floor. A genuine struggle against layoffs and a revival of the kind of mass struggles seen in Sao Bernardo in the early 1980s will come only in opposition to this labor bureaucracy.

Brazil: Lula government finances automakers planning mass layoffs

Brazil's National Bank of Economic and Social Development, or BNDES, has released US\$2.8 billion in financing as of June 2006 to General Motors, Fiat, DaimlerChrysler, Ford, Renault, Toyota, Volkswagen and Volvo, according to the bank's own figures. Despite this government financing, the carmakers are threatening mass layoffs. VW, for example, which is threatening to shut its São Bernardo plant and lay off a sizeable share of its 12,400 employees, received US\$788.5 million during this period, representing 28.3 percent of the total aid to automakers.

According to Josef-Fidelis Senn, VW Brazil's vice-president for human resources: "With a level of production well below the current one due to an absence of investments, the already high fixed costs per unit would become even greater. It is difficult to imagine that an industrial complex on the scale of Anchieta could continue operating with such reduced production. Therefore, if we do not have new investments, the danger that the operation will be closed is real. The management of Volkswagen of Brazil does not want this to happen and, for this reason, has insisted on seeking an agreement that will make viable the actions of the Plan for Restructuring."

It is probable that VW, like the other carmakers, is seizing advantage of the election year, attacking one of the most essential bases of Lula to achieve more concessions, new financing and tax reductions. (*World Socialist Web Site*, August 30, 2006)

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