



# MITBESTIMMEN!



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EXTRA

## Core of in-house wage deal cancelled

### Marathon negotiations about to begin – job security until July 2025

Volkswagen has axed the core of its in-house collective wage agreement family. The area headquarters of IG Metall in the town of Hannover has now received letters stating that. In addition to the job security agreement, VW has also cancelled the 'Tarif Plus' collective agreement, the obligation to take on apprentices who have completed their training and VW's in-house guard rails on labour leasing. The most important thing first: The earliest that VW could actually announce forced redundancies would be next summer. However, there would be a hurdle that would hurt the company. Because there is a remarkable circumstance: the cancellation of the job security agreement means that the company will be forced to increase wages if a compromise is not reached with IG Metall by summer 2025.

The background to this is the so-called future collective labour agreement. VW has to terminate it in order to be able to attack the open-ended, collectively agreed job security, which is currently also secured until the end of 2029 via a company scheme. However, if this agreement is cancelled, mechanisms will take effect that will inevitably bring older collective bargaining regulations back into force. This is known as a 'shadow wage agreement'.



Daniela Cavallo

General Works Council Chairwoman **Daniela Cavallo**: 'Now the company has actually done what we have been expecting for days. And it remains the same: we will put up a fierce resistance to this historic attack on our jobs. With us, there will be no layoffs.'

In concrete terms, the shadow wage agreement at VW means that almost half of the workforce - namely all those who joined VW before 2005 under the former company wage agreement - would soon have to work one to



*'In-house wage agreements? No thanks!'* - True to this motto, the Management on the top floors of VW's brand tower has decided to axe the core of the collective bargaining family.

two hours more per week (in detail: 35 instead of 33 hours/week in the blue collar sector and 35 instead of 34 hours/week in the white collar sector). Important: However, only if the collective bargaining partners are unable to reach an agreement beforehand.

What's more, even beyond the 'old contract holders', all employees would receive additional pay components, namely those that were abolished in the course of the introduction of the 4-day week (including the 35-hour week with full pay compensation/shadow table; 5 minutes of recovery time per hour; special payment ('Christmas bonus') and additional holiday pay; higher bonuses for overtime and Saturday work). These components would then kick in again and far exceed the equivalent value of the marginal overtime.

Daniela comments: 'So there would be a pay rise as a crazy-sounding consequence of the employer's collective bargaining attack - but on the other hand, layoffs of all employees would also be possible.' The timetable now: VW gave notice in September, so this cancellation will take effect at the turn of the year - but no one can be actually made redundant for operational reasons

until the end of June 2025, as the job security of the cancelled future collective agreement will continue to apply for that long. Theoretically, the parties to the collective labour agreement have this time corridor to reach an agreement. If no solution has been found by then, VW would be able to finally start layoffs for operational reasons.

Collective bargaining has therefore created a balance: If VW removes the job security, this opens the way for redundancies in the medium term. But a negotiated compromise is actually needed. Otherwise, VW will be able to push ahead with forced redundancies from summer 2025, but at the same time would immediately face enormous cost increases for all those who remain. In addition to job security, VW is now also attacking other central components of the VW family of in-house labour agreements. This concerns the pay of specialists and managers (Tarif Plus), the previously guaranteed permanent employment of VW junior staff once they have successfully completed their training, as well as the remuneration and working conditions of temporary workers at Volkswagen AG sites.

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# First Q&A items on breaking the historical taboo at Volkswagen

**VW is getting serious and has cancelled the 30-year employment guarantee plus other core elements of the company wage agreement. The employer side is thus moving away from the previous pact between the social partners, according to which profitability on the one hand and job security on the other are corporate goals of equal importance. This is because while VW wants the job security to be cancelled in order to be able to layoff employees for operational reasons, the 6.5 percent return on sales target still stands. Answers at the start of a historic showdown:**



February 2018: warning strike in the VW in-house bargaining round, thousands flood the Südstraße at the main plant. There will be action this time too, the only question is when.

## Once again, please: VW has cancelled the job security agreement, but can't lay off any employees yet, right?

Exactly. A few hours ago, the employers' side handed over to IG Metall the cancellation of the job security agreement that has been in place for 30 years. But our collective bargaining experts have always been on their toes! And VW has now also realised that terminating the agreement will not be a walk in the park. Thanks to skilful collective bargaining, a negotiating corridor has now been created until next summer on the one hand, and on the other hand there is also a pitfall for the employers' side: if VW is not prepared to reach a healthy compromise, it will be really expensive for VW from July 2025 onwards. Then everyone would simply receive a hefty pay rise. On the other hand, layoffs would also be possible.

## So then it would also be about jobs?

Yes. If no agreement is reached, VW could

consider forced redundancies. However, this would not mean that the first colleagues would be laid off straight away. VW would have to enter into negotiations on a social plan to regulate the modalities of the redundancies. But such a scenario seems highly theoretical. After all, VW would have enormous additional costs and flexibility disadvantages for those employees who would be still there. The company is therefore under great pressure to reach an agreement beforehand. However, we on the employee side also have this pressure because we want to fend off any layoffs and extend job security far beyond 2029.

## What might a compromise look like?

That is up to the negotiations. In addition to job security, there are many other aspects at stake: averting plant closures, concluding the planning round for investments in the factories in the coming years, continuing the per-

formance programme and, last but not least, a 7 percent increase in pay.

## But 7 per cent doesn't fit the times at all!

Holding back wage will not save a single job! The positions of the Wage Commission and the General Works Council are as follows: We are not closing any plants! We want an extension of our job security! And our wage demands with the core of 7 per cent more money also stand! We have orientated ourselves to IG Metall's parallel area negotiations and expect the company to take this seriously.

## When will we finally start talking?

Both sides want this to happen quickly. However, this can only ever be achieved in steps where you can't take a second step before the first: The company first had to create facts and actually submit the contract cancellations to IG Metall. This has now happened. The future of 130,000 employees is at stake - as the follow-up collective agreements at VW Saxony GmbH have also been cancelled. Now a start date is needed. The Works Council and IG Metall are demanding it: Everyone must come to the negotiating table in September.

## Three groups in particular are now in the spotlight: VW's junior staff, the 'Tarif-Plus' collective bargaining agreement and labour leasing. What are the most important answers for them?

The apprentices and participants of the dual study courses who have recently come on board (hundreds just a few days ago at the beginning of September) have been promised a permanent position after successfully completing their education. Negotiations will have to show whether new hires will be made next year. This is currently planned in the collective agreement for 2025. For Tarif Plus and the colleagues in labour leasing at Volkswagen, the following applies: for the time being, everything will remain as it is. Despite the company's cancellation, the previous regulations will continue to apply. Everything else will soon be a matter for the negotiating table.