WORKING PAPER

Industrial relations and social dialogue

Germany: Developments in working life 2022

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Introduction

While in 2021 working life was still significantly impacted by the pandemic, the outbreak of the war in Ukraine on 24 February 2022 added serious hardship to a recovering economy. After a notable recovery in 2021, the gross domestic product (GDP) continued at a lesser rate. As a result, the GDP increased by 1.9% in 2022 compared to 2.6% in 2021 (Destatis, 2023a). Additionally, the labour market continued its improvement in the first half of 2022, with the unemployment rate dropping from 5.9% in January 2022 to 5.4% in May 2022 (BA, 2023). In the months after, the unemployment rate increased up to 6.1% in August 2022 (BA, 2023). In the end, the annual average for 2022 rested at 5.3%. Furthermore, the usage rate of short time work due to a shortfall in orders, an important labour market tool throughout the pandemic, slowly closed in on a pre-pandemic level dropping to 227,720 in June 2022 (compared to 133,198 in January 2020) (BA, 2022a).

Crisis and war-related effects have led to a continuous increase in inflation throughout the year. While in January 2022, the monthly inflation rate was at 4.9% and thus just under the 5% mark, it increased to a 40 year high of 10.4% in October 2022 (Destatis, 2023b). The last time the monthly inflation rate was this high was in 1981 after the first gulf war led to increased mineral oil prices. Although price increases have not been fully passed on to the consumer, the costs for energy and food have significantly increased. Compared to 2021, costs for energy products increased by 34.7%. Strong energy related price increases included household energy (+39.1%), light heating oil (+87%), natural gas (+64.8%) and fuel (+26.8%). Prices for food have risen by 13.4% compared to 2021 (Destatis, 2023b). In 2021, the price increase was at only 3.2%. Strong food related price increases include sunflower oil (+63.9%), butter (+39.1%), dairy products and eggs (+19.7%), meat products (+14.6%) and grain products (+13.5%) (Destatis, 2023b).

In the course of the Russian war against Ukraine Germany's Federal Minister of Economics, Mr Robert Habeck (Greens) announced that Germany would be able to manage without Russian oil in the short-term (Deutschlandfunk, 2022). While Germany imported 35% of its oil from Russia at the beginning of the war, this share was reduced to 12% at the end of April 2022. Since 5 December 2022, the EU implemented an import ban on Russian crude oil per tankship. With the start of 2023, Germany has implemented an additional import ban on crude oil delivered via the pipeline Druschba (T-Online, 2023). As a consequence, the eastern German refineries Schwedt and Leuna will have to change their sources of supply. The government has promised €1 billion in investments which will be used to expand the pipeline from Rostock to Schwedt and thus increase its capacity (T-Online, 2023).

Political context

Since the Federal Election in 2021 which resulted in a coalition between the Social Democrats (SPD), the Greens (Die Grünen) and the Free Democrats (FDP) headed by Federal Chancellor, Mr Olaf Scholz, the political landscape has been stable. Unity was shown in the election of the Federal president in February 2022, when Mr Frank-Walter Steinmeier (SPD) was re-elected with a majority of votes from SPD, CDU, the Greens and FDP (Deutscher Bundestag, 2022). In addition, state-level elections took place in Saarland, Schleswig-Holstein, Lower Saxony and North Rhine-Westphalia. Results in Lower Saxony and North Rhine-Westphalia support the green trend which transpired during the Federal Elections in 2021, with the Greens gaining significant increases in votes while SPD and CDU facing slight losses or only marginal increases in votes (Der Landeswahlleiter, 2022; Landesamt für Statistik, 2022).

Nonetheless, already in February 2022, protests took place calling for the end of the war against the Ukraine and peace in Europe. As the war continued, inner- and outer party debates ensued on many topics, such as Germany's stance on delivering heavy war machinery to support the Ukraine as well as on the extension of certain nuclear power plants lifetimes to avoid energy shortages during the winter 2022/23 and naturally on governmental measures to fight the effects of inflation (see next section in this report). Regards Germany's electricity supply, the German parliament in the end voted to postpone the shutdown of the last 3 operating nuclear power plants. Their shutdown had been planned for the end of 2022 as part of Germany's nuclear power phase-out. All three nuclear power plants will remain in operation until 15 March 2023 to ensure Germany's energy supply throughout the winter (Rheinische Post, 2022).

In the second half of 2022 the protests' intention shifted toward the effects of the war in Ukraine with major topics such as the rising living costs and the significant increase in energy costs (SWR, 2022; Berliner Kurier, 2022). Protesters started to call for a redistribution of wealth from top to bottom. However, the main critic concentrated on the relief packages by the Federal Government, which according to protesters should have been more comprehensive in order to prevent social unrest.

Actors, institutions and processes

Social partners

There have not been any major changes be it with regard to the setup of the industrial landscape (mergers or demergers, changes in rules regarding representativeness of trade unions, employers' organisations or regards their membership development) or with regard to the rules of collective bargaining, co-determination or social dialogue in 2022.

Social dialogue bodies or frameworks

There have not been any changes to the framework of social dialogue, no introduction of new national or sectoral level institutions, no changes to the legislative framework no changes to conflict resolution or employee representation in 2022.

Other working life related institutions

There have not been any changes regarding labour inspectorates or public employment services when it comes to their institutional setup. However, the Federal Minister for Labour and Social Affairs, Mr Hubertus Heil (SPD), announced the reform of the unemployment benefit II (commonly known as HARTZ-IV). After his ministry presented a first draft law in August 2022, the final version passed the German Bundestag on 20 December 2022 (BMAS, undated). The new welfare benefit called "citizen benefit" (*Bürgergeld*) took effect on 1 January 2023. Therefore, details on the new benefit will be provided with the next annual report.

Governmental responses to inflation

With the start of the Russian aggression war against Ukraine on 24 February 2022, the government implemented or expanded various tools to cushion the effects for German businesses and individuals.

In early April 2022, the German Federal Government implemented an extensive aid package to support businesses suffering from sanctions against Russia and from war actions. The prime objective was to ensure short-term liquidity. As a consequence, a credit programme was implemented, offering business of all sizes access to low-interest and liability-exempt credits.[i] The programme has a volume of up to €7 billion. Additionally, the federal and state guarantee programmes for companies demonstrably affected by the war in Ukraine are to be continued.[ii] This includes the guarantee banks and the large-scale guarantee scheme. In detail, businesses must require a guarantee that is worth over €20 million in structurally weak regions – outside these regions the sum rises to €50 million. Furthermore, companies are required to prove that they have been negatively impacted by the sanctions against Russia or the actions of the war.

In a second aid package at the end of April 2022, the Federal Government implemented three additional measures:

First, an energy price lump sum allowance of €300 for people paying income tax and employees who are classified in tax classes I to V or are taxed at a flat rate as marginally employed persons. Social partners participated with other interested groups in an oral hearing of the competent committee of the national parliament (Bundestag).[iii]

Second, to cushion the rising energy prices for families, the child benefit was increased by a one-time payment of €100 in July 2022. The bonus was paid out automatically by the competent family benefits office and is not to be taken into account as income in the case of social benefits.[iv]

Third, a temporary reduction of the energy tax for fuel for three months. Starting on 1 July 2022, the energy tax rates for fuels mainly used in road transport were reduced to the level of the minimum tax rates of the EU Energy Tax Directive. Since the energy tax is a consumption tax that is in general borne in full by the end consumer, the temporary reduction of the tax rate enabled energy suppliers to pass on the tax reduction in full to the end consumer. The German Trade Union Confederation (DGB) criticised the measure for not targeting low income employees and warned that the measure is at risk of simply enlarging the profit margins for big fuel companies.[v]

On 1 June 2022, a €9 ticket was introduced as a package to support commuters and other mobile citizens, workers or self-employed. The ticket was offered for 3 months with the intention to reduce commuter costs and at the same time as an incentive to use public transport rather than travelling by car for short-distance travel. The ticket offered public transport for a reduced price of €9 per month throughout Germany – it excluded long-distance transport such as ICE, IC or EC trains as well as Flix trains and buses. The German states were responsible for the ticket's implementation and were supported by the Federal government with €2.5 billion. The German Association of Transport Companies (VDV) announced at the end of August that they had sold 52 million €9 tickets and additionally recruited 10 million subscribers to other ticket formats. Estimates by the VDV suggest, that due to the €9 ticket approximately 10% of trips shifted from the car to public transport.

Furthermore, the average savings in greenhouse gases per month related to the €9 ticket are estimated at around 600,000 tons of CO2 per month.[vi]

In early September 2022, the Federal Government agreed to a third aid package. According to Federal Chancellor, Mr Olaf Scholz (SPD), the third package will be more extensive and larger than the two previous ones combined. The package is expected to reduce the financial burden on citizens by €65 billion. The implementation of measures will continue until the first half of 2023 (Die Bundesregierung, 2022). Measures include a price stop on the electricity price starting in March 2023 as well as the postponement of the annual price increase of the CO2 price from 1 January 2023 to 1 January 2024. In addition, the child benefit will be increased by €18 monthly for the first and second child for the years 2023 and 2024, students will receive a one-off payment of €200 (negotiations on implementation responsibilities are still ongoing), pensioners will receive a one-off lump sum of €300 on 1 December 2023 and a higher housing allowance will be implemented from 1 January 2023 onwards, offering significantly more low-income earners access to the housing allowance (Die Bundesregierung, 2022).

As part of the third aid package the unemployment benefit II and social benefit was replaced by the "citizen's benefit" on 1 January 2023. The adjustment period for the new benefit was changed in such way that the expected inflation will be included better and faster when it comes to set the amount of the benefit (BMAS, undated).

After the €9 ticket expired, the Federal Government intends to introduce a nationwide local transport ticket with a ticket price of €49 per month (Die Bundesregierung, 2022). Additional financial relief is ensured by the abolition of the 'double taxation' of pensions. As of 1 January 2023, taxpayers are able to fully deduct their pensions contribution. Furthermore, starting from 1 October 2022, VAT on gas has been reduced to 7% until the end of March 2024, which is expected to have a direct anti-inflationary effect. The time limitation of the home office flat rate was abolished which will allow a deduction of €5 per home office day for income tax purposes up to a maximum of €600 per year.

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[i] Eurofound (2022), Loan guarantees for companies affected by the war in Ukraine, DE-2022-20/2287 (measures in Germany), EU PolicyWatch, Dublin.
[ii] Eurofound (2022), Expanded loan guarantees for companies affected by the war in Ukraine, DE-2022-20/2290 (measures in Germany), EU PolicyWatch, Dublin.
[iii] Eurofound (2022), Energy price lump sum allowance for people paying income tax, DE-2022-23/2226 (measures in Germany), EU PolicyWatch, Dublin.
[iv] Eurofound (2022), Child bonus 2022 to cushion pressures on families from rising energy prices, DE-2022-27/2228 (measures in Germany), EU PolicyWatch, Dublin.
[v] Eurofound (2022), Temporary reduction in fuel tax, DE-2022-23/2231 (measures in Germany), EU PolicyWatch, Dublin.
[vi] Eurofound (2022), Reduced €9 monthly ticket for local public transport, DE-2022-23/2253 (measures in Germany), EU PolicyWatch, Dublin.

Collective bargaining and inflation

How inflation features in wage negotiations

While producer and consumer prices were rising strongly, collectively agreed wages were developing moderately in 2022. Preliminary calculations show that collectively agreed wages rose by 2.7% in the same year (WSI-Tarifarchiv, 2022). This compares to an average rise in consumer prices by 7.9% in 2022. On the one hand, the slower wage dynamics can be attributed to wage rises agreed upon before Russia invaded the Ukraine (agreed wage rises did not reflect the unexpected inflation resulting from the war). On the other hand, many wage agreements still covered the period of 2022 and no new wage negotiations were scheduled for 2022 (WSI-Tarifarchiv, 2022; Lesch, 2022).

In sectors where social partners met to negotiate new agreements, trade union demands ranged from calls for 'decent wage increases including the equalization of employees' purchasing power' to concrete demands of raising collectively wages of up to 13% (WSI-Tarifarchiv, 2022). As stated above, collectively agreed wages in the end rose by an average of 2.7%. However, the situation improves when collectively agreed special or one-off payments are also taken into account. Many of the wage agreements negotiated under the uncertain economic outlook of the COVID-19 pandemic included one-off payments that became payable in 2022 (Lesch, 2022).

Future wage dynamics are likely to be strongly influenced by agreeing on such special or one-off payments (Lesch, 2022). Though unions' demands for wage rises compensating inflation grew throughout 2022, employers are affected by the negative impact of the war and inflation, too. Social partners will have to negotiate with caution. Whilst unions cannot neglect their members interests and push for higher wages, employers will not necessarily be able to deal with steep rises in collectively agreed wages at the same time. A wage-price spiral might be prevented with a high one-off lump sum to compensate for increased living costs and by avoiding high annual wage increases (Lesch, 2022).

Examples of recent responses

The insurance industry was able to agree to a new collective wage agreement at the beginning of April 2022. The United Services Union (ver.di) had organised warning strikes before social partners reached a conclusion. According to Lesch (2022), negotiations in the insurance industry had the second highest conflict intensity of all bargaining rounds in the first half of 2022. After the third round of negotiations, employers and ver.di agreed upon the following terms: The new agreement will run for 26 months (WSI, 2022). During the 26 months, employees will receive two one-off payments – the first one in May 2022 (€550) and the second one in May 2023 (€500). Apart from the one-off payments, social partners also agreed to wage increases. Collectively agreed wages rose by 3% in September 2022 and another 2% will follow in September 2023. Agreements on partial retirement programmes and the working time corridor were extended (WSI, 2022). After the completed negotiation, ver.di stated that it had hoped for a better result, however, current business results would not have allowed a higher wage increase (ver.di, 2022b).

Social partners in the chemical industry agreed after the third round of negotiations to a new wage agreement in October 2022. Prior to negotiations, the trade union IG BCE emphasised the importance to increase wages to improve employees' purchasing power in the long-term. After several bargaining round, the social partners in the industry agreed to the following terms: After two zero months, collectively agreed wages will be raised in two steps. The first wage increase, worth 3.25%, takes effect on 1 January 2023. The second step, also worth 3.25% will take effect on 1 January 2024. It is possible for chemical companies to postpone the pay increases by up to three months for economic reasons. Also, employees will receive a collectively agreed ‘inflation allowance’ of €1,500 each with the January payments in 2023 and 2024 (WSI, 2022). The new wage agreement expires on 30 June 2024 (running time of 20 months). Social partners in the chemical industry stressed that despite times of crisis, the emphasis was on a constructive exchange and negotiation (Süddeutsche, 2022).

Social partners in the metal and electrical industry agreed after five bargaining rounds to a new wage agreement in mid-November 2022. Collective bargaining negotiations in the industry were accompanied by the German Metalworkers’ Union’s threats to organise heavy strike action if an agreement was not reached quickly. After all, the new agreement includes a wage increase of 5.2% in June 2023 as well as another increase of 3.3% in May 2024. Additionally, employees will receive two inflation compensation bonuses, each worth €1,500. The first one will be payable on 1 March 2023 and the second one on 1 March 2024. For economic reasons, the bonus payments can be postponed until April of the following year. According to the employers’ association Gesamtmetall the agreement is ‘an advance on hopefully better times’ (Gesamtmetall, 2022). It is expected that member companies will have to cope with a sharp increase in wage costs in addition to all other current burdens. The IG Metall highlighted that the new agreement provided employees with ‘permanently more money’ and additional tax-free bonus payments (IG Metall, 2022).

Developments in working time

Changes to legislation

In early September 2022, the Federal Labour Court (BAG) ruled that employers must introduce a system for recording working time (BAG, 2022). On 3 December 2022 the BAG published a more concrete justification of what a legally secure time recording system must look like, which obliged employers to introduce such a system, regardless of the company's size. Also, the employer is not only obliged to introduce a corresponding system but to also ensure its correct use. The system must be able to record the start and end of the working time (duration of working time), breaktimes and overtime. While employers are allowed to delegate the recording of working time to their employees, they have to ensure the correct use by random samples. In principle all employees have to record their working time, the only exceptions are currently executive employees (Personio.de, 2022). Executive employees are those employees that perform entrepreneurial tasks with a high degree of decision-making freedom in their area of responsibility. This could be the head of the HR department of a big company or the manager of a bigger establishment. The term in German is "leitender Angestellter".

With the rule of the BAG, employees working on trust-based working time have now the obligation to record their working time. They continue to be able to individually manage their working time, however, they will have to contemplate for statutory rules on rest and breaks, maximum working hours and the prohibition of work on Sundays and public holidays.

Bargaining outcomes

No major changes. Collective bargaining rounds in 2022 were more strongly focused on wage increases and one-off payments. Working time was not a major issue in 2022.

Debates on duration and organisation

No major debates.

Labour market shortages and social partners

The Federal Employment Agency (BA) regularly publishes data on labour shortages. Its latest analysis is available for reporting year 2021 (BA, 2022b). For 2021 the BA identified labour shortages in 148 occupations while in 2020 this number was at 131. In 2021 the most severe labour shortages affected jobs in civil engineering, well construction, in sanitation, heating and air conditioning and electric installations as well as in healthcare. The highest employment bottleneck occupations include jobs in nursing, professional truck drivers, medical workers and motor vehicle technicians (BA, 2022b). Compared to the number of occupations with labour shortages before the pandemic (185 in 2019), it is expected that labour shortages will increase again as businesses anticipate a high utilisation of their production capacities despite the war in Ukraine (BA, 2022b).

With the increasing need for more skilled workers and estimates that by 2026, 240,000 more positions have to be occupied than workers available, the Federal Government published its own skilled workers strategy in October 2022 (Die Bundesregierung, 2022). It believes that labour shortage can only successfully be tackled when all affected players (companies, municipalities, social partners, chambers, Federal Employment Agency, education and training providers) work together. The government identified 5 areas of action for the coming years (Die Bundesregierung, 2022).

Firstly, the provision of up-to-date training with modern and attractive training offers as well as early and comprehensive career guidance for all pupils. Additionally, dual vocational training is to remain fundamental for the competitiveness of German companies.

Secondly, targeted further training in the wake of structural changes has become more important than ever before in the view of the Federal Government. To ensure that employees can keep up with the changes, the Federal Government will make further qualification offers more accessible without age limits. As a result, the Federal Employment Agency will set up a national online platform.

Thirdly, the Federal Government intends to raise labour potentials more effectively and increase labour force participation. Efforts were made in recent years to increase women and mothers' participation in the labour market, but the expansion of day care centres and family related benefits need to be continued.

Fourthly, improving the quality of work and a change of work culture will be an important pillar to tackle labour shortages in future. The Federal Government supports an employee-oriented work culture and offers for a flexible transition to retirement for skilled workers. The goal is that workers stay in the workforce for longer. As a consequence, advisory services on flexible retirement are to be expanded.

Fifthly and last, the Federal Government wants to push for a modern immigration policy by simplifying administrative procedures as well as easing recognition of professional qualifications. A modern immigration policy also includes the uncomplicated reunification of families and their integration into society, education and the labour market. Furthermore, counselling services and language courses for those interested in immigration are to be expanded in the countries of origin.

While there is overwhelming support by the leading social partners for the government's skilled worker's strategy, some suggest a more extensive strategy or criticise the current strategy. In its evaluation of the government's skilled worker's strategy, the German Confederation of Skilled Crafts (ZDH) criticised that the crafts' sector has problems to fill vacancies nationwide and not only in certain areas or regions (as suggested by the government). According to ZDH, over 30,000 open apprenticeship positions could not be filled in the crafts alone (ZDH, 2022).

Additionally, the ZDH criticised that eased procedures for getting foreign professional qualifications recognised would not automatically lead to more immigration. Instead, a decoupling of receiving residence rights and recognition of professional degrees was needed. The process of getting professional credentials recognized should begin after the arrival in Germany. In this way, the immigration process could be significantly accelerated. Overall, the ZDH had hoped for a more comprehensive governmental strategy (instead of the current listing of single measures) (ZDH, 2022). The Confederation of German Employers' Associations (BDA) added that labour shortages could be softened by artificial intelligence and digital assistance systems (BDA, 2022b). Thus, the government needs to provide an adequate framework supporting innovations and setting up businesses as well as expanding the broadband network faster.

The United Services Union (ver.di) supports the government's strategy but emphasised additional points of importance. In the view of ver.di, labour shortages could be eased, amongst other things, by providing for adequate staffing levels in the health-care sector as well as concluding and extending a collective agreement in the care sector to cover all employers (ver.di, 2022). ver.di holds that with improved pay and working conditions, employees will return to work in health-care and care (ver.di, 2022). ver.di (2022) also stresses that a joint "skilled labour initiative" to staff kindergartens as well as children and youth services. The Federal Government, the federal states and social partners should join hands and set up a nationwide vocational and further training system for these sectors. This also included making investments into providing attractive vocational training places and qualify employees properly. Similarly, working conditions and pay prospects would have to be improved in public administration that also faced severe labour shortages in the future (ver.di, 2022).

Other important policy developments

Self-employed

Starting form 1 April 2022, a new status determination procedure was implemented in order to check whether a contractor is legally classified as self-employed or as an employee (DRV, 2021). In the future, instead of determining the compulsory insurance status, the employment status will be determined. In case of an opposition proceeding, there will be an oral hearing to determine the status. A possible status determination can already be made prior to the start of a contractual relationship by means of a so-called prognosis decision. Furthermore, the status determination for several, identical contractual relationships will be possible as well as for contractual relationships involving more than two parties (DRV, 2021; DHZ, 2022).

Wage setting

In 2022, the statutory minimum wage was increased twice. At the beginning of 2021, the statutory minimum wage rested at €9.82 per hour and was raised to €10.45 per hour in July 2022. Both raises had been implemented on the basis of the German Minimum Wage Commission's third decision from 30 June 2020 (MLK, 2020). The national statutory minimum wage had been introduced by the German Minimum Wage Act (MiLoG), only taking effect in 2015. In accordance with the act, the Federal Government also set up a standing Minimum Wage Commission responsible for adjusting the height of the statutory minimum wage.

However, in 2022, the Federal Government decided to overrule the minimum wage commission's decision and set the statutory minimum wage at €12 per hour (effective since 1 October 2022). The latest raise equals an increase of over 12%. Whilst unions welcomed this step (DGB, 2022), employers criticised the Federal Government's proceedings for not adhering to the procedures laid out in the MiLoG, displacing hundreds of collectively agreed wage groups and intervene in the autonomous wage setting of unions and employer organisations (BDA, 2022a).

Health and safety

In the first half of 2022, the Sars-CoV-2 Occupational safety and health standard ordinance was extended until 25 May 2022. The latest revision of the ordinance stipulated that business had to keep basic protections measures in place. Health risk had to be determined by businesses by conducting a health risk assessment (BMAS, 2022).

Working life of Ukrainian refugees

Employment and working conditions

Since the start of the Russian aggression war against Ukraine in February 2024, the number of Ukrainian people seeking refuge in Germany increased strongly. By the end of September 2022, some 999,000 Ukrainians lived in Germany (Destatis, 2022). That is approximately seven times more Ukrainians in comparison to the end of February 2022. As section 24 of the German Residence Act is applicable to Ukrainian refugees or third-country nationals who can't safely return permanently to their country/region of origin, it allows them to register with the foreigners' authorities and be granted a temporary residence permit for protection. Once the temporary residence permit is issued, the competent foreigners' office can also grant a work permission.

The Institute of Employment Research (IAB) published first data on labour market integration of Ukrainian refugees (Brücker et al., 2022a). According to the IAB analysis, around 19% of Ukrainians were in employment in October 2022. This compares to approximately 52% of Ukrainians being in employment in January 2022. The decrease in their employment share can be attributed to the influx of Ukrainian refugees since February 2022. Many of them not being able to pick up work at once (Brücker et al., 2022a). In addition to easing access to the German labour market, the German government provided Ukrainian refugees with access to the regular social assistance (SGB XII) and job seekers' benefits (SGB II) schemes starting in June 2022. To receive SGB II and XII benefits, the person must have applied for a residence permit for temporary protection and must meet the general eligibility requirements for receiving social assistance or job seekers' benefits. Brücker et al. (2022a) report that 636,013 Ukrainians were entitled to SGB II benefits in September 2022. Nearly 62% of Ukrainians did indeed receive SGB II benefits in September 2022.

In addition, the IAB teamed up with the Federal Institute for Population Research (BiB), the Research Centre of the Federal Office for Migration and Refugees and the DIW Berlin. Latter hosts the Socio-Economic Panel that was used to survey 11,225 Ukrainian refugees from August to October 2022 (Brücker et al., 2022b). The results show that nearly 80% of the refugees were women and about half of them had children. Thirty-seven percent of the Ukrainian refugees reported on plans to stay in Germany for good or at least for several years. Another 34% stated wanting to stay in Germany until the end of war and 27% were not yet certain if they wanted to stay. Whilst around 70% of the Ukrainian refugees have completed a tertiary education degree, only 4% stated to speak good or very good German. However, around half of Ukrainian refugees was visiting a German language class or had already completed such a class at the time of the survey. Seventeen percent had even taken up employment. Out of these, 70% held qualified jobs (Brücker et al., 2022b).

Social partner initiatives to support Ukrainian refugees

At its national congress in early May 2022, the German Trade Union Federation (DGB) criticised the Russian President and the attack on Ukraine and called for an immediate halt of the war. Additionally, DBG called on the German Federal Government, the European Union and on NATO partners to work towards a quick end to the war (DGB, 2022). DGB has provided accommodation for refugees in its educational institutions and has supported them materially, especially by a broad-based fundraising campaign. Further support has been provided within the framework of social partnership initiatives for job placements of Ukrainian refugees in Germany (DGB, 2022). DGB remains in close contact with the international trade union movement to help its Ukrainian sister trade unions and offers concrete help on the ground, in companies and in workplace in Ukraine.

The four umbrella organisations of German business – the Confederation of German Employers' Associations (BDA), the Federation of German Industries (BDI), the German Chamber of Commerce (DIHK) and the German Confederation of Skilled Crafts (ZDH) – jointly set up a new platform to provide ample information for employers and Ukrainians affected by the war alike. All four organisation condemned the attack on Ukraine and support the Federal Government’s and international sanction measures concerning Russia (wirtschafthilft.info, undated). The platform provides information on many topics, reaching from making donations of money and goods, providing suitable medicines and medical equipment, federal support measures for German companies affected by the war, labour market integration and related legal information when employing Ukrainian refugees to such topics as job searching portals for refugees, company networks for sharing experiences or best practice examples.

Commentary and outlook

The outbreak of the war in Ukraine and sanctions against Russia slowed the economic recovery begun in 2021. German GDP increased by only 1.9% in 2022 compared to 2.6% in 2021. War-induced inflation affected consumers and business alike, with prices increasing steeply for energy and fuel but also for certain food products. Naturally, social and political developments in Germany in 2022 were largely overshadowed by the Russian invasion of the Ukraine and the resulting war. Right after the start of the war, many demonstrations and protests were held in Germany calling on Russia to end the war.

Over the course of the year, around one million Ukrainian refugees flew to Germany - many of them being women (with children). Federal states and municipalities set up welcome centres as a first point of contact, provided housing and further support to the refugees. First survey results show that many of the Ukrainian refugees completed tertiary education, but only a minority spoke German in a proficient manner. Whilst around 60% of them received welfare benefits, 17% had already begun a job in 2022. In addition, around half of the Ukrainian refugees indicated to be enrolled or even having completed a German class. Improved German language skills might also help with their integration into the workforce in the long run.

Solidarity amongst the German population right after the outbreak of the war was high (with many citizens donating money, clothes, food or offering housing). However, as the war continued and living costs kept rising in Germany, calls for more extensive state support grew stronger. Additionally, the Federal Government was also criticised for not providing targeted enough help for those most in need. Indeed, the current Federal Government - made up of an alliance of the Social Democrats (SPD), the Greens (Die Grünen) and the Liberals (FDP) - issued three relief packages in 2022. In sum, these relief packages are worth €95 billion – with the third package from September 2022 being the largest one. The relief packages include on a variety of measures to cushion the negative effects of the war (e.g., financial support for citizens and companies to help with paying energy bills, higher welfare and child allowances to help families and low-income households or certain tax reductions). Apart from issuing relief packages, the Federal Government had to find further tough compromises - given the different membership base and political beliefs of the three ruling parties. Intense debates on Germany’s involvement in delivering heavy war machinery as well as on how to realise independence of Russian oil and gas in a fast and climate-friendly characterised the political debate in 2022.

Whilst the Federal Government is still intact, the German labour market has shown comparatively resilient to the economic uncertainties of the times with rising inflation, disrupted supply chains and additional influx of refugees. The average unemployment rate rested at 5.3% in 2022 and was slightly lower when compared to the previous year. War-effects were however felt when it comes to the wage developments. The wage dynamics lagged behind the inflation dynamics in 2022: As many wage agreements from 2021 were still running in 2022, employees received collectively agreed wage rises or one-off payments negotiated under low inflation expectations. In sectors where social partners negotiated new wage agreements (such as the metal, the chemical or insurance industry), trade unions and employer organisations often agreed on percentage increases in basic renumeration plus one-off payments to help employees with covering their bills. This trend is likely to be continued throughout 2023 as business expectations are still uncertain and the war continues.

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