

National Report Germany 06-25

1. Economic situation

The metal and electrical industry continues to face a difficult economic situation. Summary:

MET Industry remains on a downward Trend ahead of Tariff Escalation - Staff cuts accelerated

- Even before the **new US tariff announcements**, the Industry failed to stabilize. The most important economic indicators remained on a downward trend.
- **New orders** in February were only at the weak level of the previous month. In a less volatile three-month comparison, there was a drop of 4.0%. The order situation remains weak for the most part, with capacity utilization and order backlog rated as poor. At least there were signs of a slight stabilization by April.
- **MET production remained unchanged** at a weak level in February. The stabilization in January was significantly weaker than initially reported. In a three-month comparison, output fell by 1.2%. In the first two months of the year, production was 3.9% down on the previous year.
- **Revenue stabilized** over the turn of the year due to the invoicing of several large orders. In a three-month comparison, turnover at least remained stable, but price-adjusted sales fell by a further 0.6%. In addition, the previous year's results were revised downwards by the Federal Statistical Office.
- The **number of MET employees fell significantly** in February and was down 83,200 or 2.1% on the previous year. The decline has accelerated significantly since the start of the year. Compared to September 2023 - the peak after the coronavirus crisis - 113,000 jobs have been lost in the MET industry. The majority of M+E companies also anticipate further staff reductions.
- The **MET business climate deteriorated noticeably in April** as a result of the tariff escalation and remains in recession territory as a result. In particular, companies' expectations fell noticeably. MET companies also lowered their production and export plans as a result of the customs uncertainties. Hopes of stabilization are thus being offset by increasing downside risks due to the customs conflict.
- The **competitive position** in relation to other countries is still considered to be poor due to the significant deterioration in location conditions. The general conditions have deteriorated further, particularly in relation to non-European locations. In addition to the domestic location crisis, the threat of a trade war is now also increasing global uncertainty to new record levels, which is poison for the global economy going forward.

2. Collective Agreements

a. Bargaining Round 2024

In November 2024, Nordmetall and vbm agreed on a **pilot agreement** for the M+E industry with the following core elements:

- Wage increase in two steps: - by 2.0 percent from April 2025 and
- by 3.1 percent from April 2026
- One-off Payment: 600 euros (payment can be brought forward to 2024 by employer)
- Trainee allowances: Significant increase of 140 euros per month from January 2025
and by 3.1 percent from April 2026
- Flexibility: Automatic differentiation will be continued for 2 years
- Runtime: 25 months (01.10.2024 – 31.10.2026)

In addition, a social partner declaration has been signed for Germany as an industrial location in the 2024 collective bargaining round. In this declaration, the social partners commit themselves to the political decision-makers to improve conditions in Germany as a business location. This includes, for example, energy costs, incentives for investment and the digitalisation and modernisation of public administration.

b. Remote work and the right to disconnect

In the M+E industry, there has been a collective agreement on **mobile working** since the 2018 collective bargaining round. This is designed as a framework collective agreement that companies can apply through a voluntary works agreement if they wish to do so.

A **right to disconnect** is not agreed in the regional collective agreement for the M+E industry.

3. Discussions at national level as regards quality jobs (legislation and collective bargaining)

Discussions about the quality of jobs are taking place in numerous areas. At the forefront is currently the **statutory minimum wage**. The commission that advises on and decides on increases to the statutory minimum wage in Germany is currently meeting, and a decision must be made by the end of June. In connection with this work and triggered by the campaign for the federal elections, there have been discussions in politics about another political increase in the statutory minimum wage. Some parties have called for 15 euros. In the current economic situation and in view of the continuing high inflation, this would be a figure that would be difficult for large parts of the economy to cope with and would further fuel inflation.

Another issue that has been discussed in recent years is a **four-day working week** combined with a **reduction in working hours**. This discussion has largely died down, and even IG Metall, the strongest single trade union, recently announced publicly that it would not pursue the goal of reducing working hours with wage compensation for the time being.