

Joint European Social Partners' Work-
programme 2009 – 2010
Joint Study on Restructuring in the EU

THE GERMANY NATIONAL DOSSIER

BERLIN 31ST – 1ST APRIL 2009

“A Macroeconomic Overview”

Germany - “A Macroeconomic Overview”

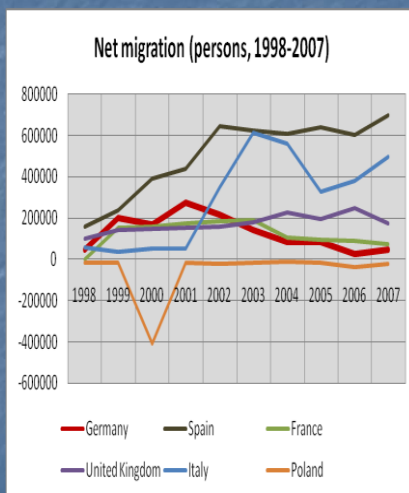
The purpose of the presentation and discussion;

- ▶ Have we got the facts right?
- ▶ Have we got the emphasis right?
- ▶ Have we got the issues right?
- ▶ What evidence and insights can you add?

Outline

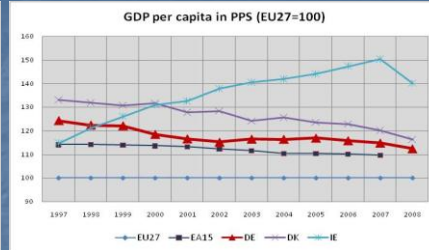
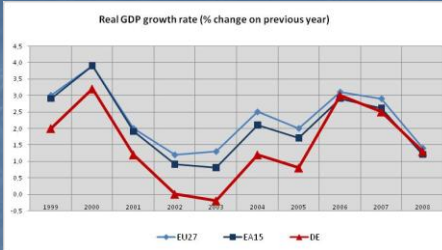
- Population
- Growth
- Lisbon indicators
- Competitiveness
- Human development index
- Structure of economy
- Employment
- Unemployment
- Education
- Labour costs
- Openness of economy
- Restructuring
- **Questions for debate**

Population



- 2008: 82.2 millions
- Population to start its reduction by 2020
- “Old” dependency ratios: worse than IT, EL and EU27 average
- Net migration (1998-2007):
 - DE= 1.3 million
 - ES= 5.1 million

Growth



- Real GDP:
 - Followed EU trend
 - Below the average
 - Predicted to reduce 2.3 p.p. in 2009 and 0.7 p.p. in 2010
- GDP per capita:
 - 1997-2008: converging to EU27 average
 - Better than EU27 average

Lisbon indicators

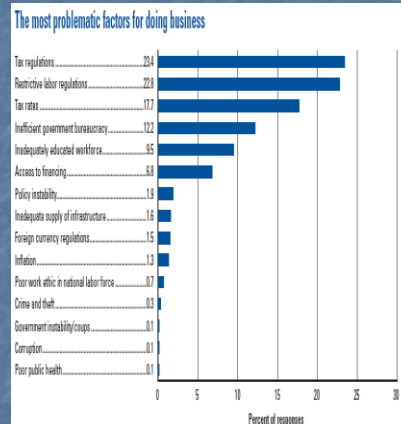
German ranking on Lisbon Indicators (2008)

Network Industries	1
Innovation and R&D	4
Liberalization	5
Sustainable Development	5
Final Index	6
Information Society	9
Financial Services	9
Social Inclusion	9
Enterprise environment	15

- Germany ranks:
 - 2005: 6th out of 27
 - 2006: 8th out of 27
 - 2007: 5th out of 27
 - 2008-09: 6th out of 27
- Germany's worse indicators:
 - Business start-up Environment
 - Regulatory Environment

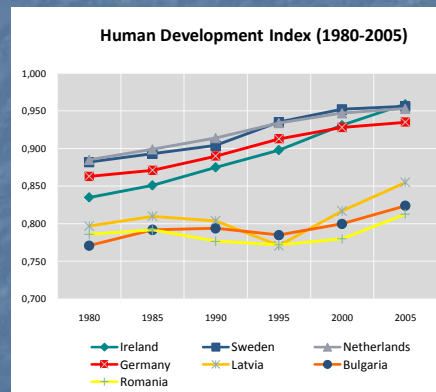
Competitiveness

- Germany (2008-09):
 - Ranks 7th amongst 134 countries in the Global Index
 - Ranks 11th out of 134 in the efficient enhancers' indicators
 - Ranks 58th out of 134 on the labour market efficiency

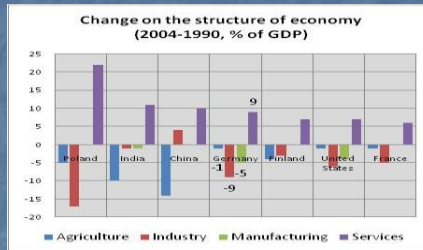
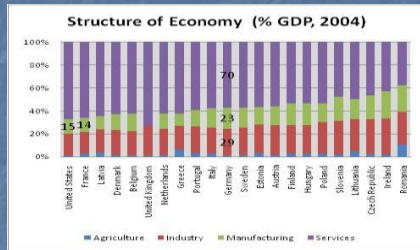


Human Development Index (HDI)

- Germany ranks:
 - 22nd out of 177 countries worldwide
 - 13th out of 27 EU Member States
- Gender-related Development Index:
 - Germany ranks 31st out of 156 countries

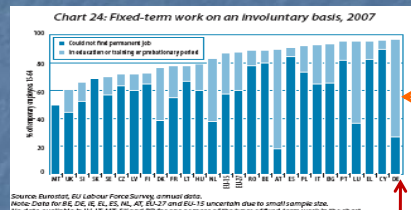
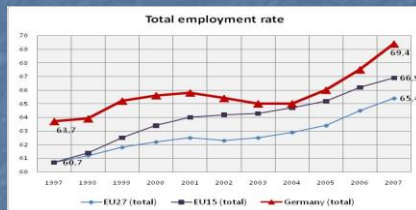


Structure of Economy



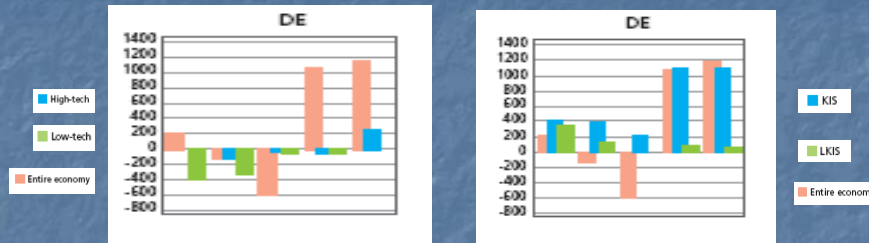
- Clear tertiary predominance
- 1990-2004: Deeper structural change than FR or USA
- Manufacturing still more relevant in Germany

Employment (1)



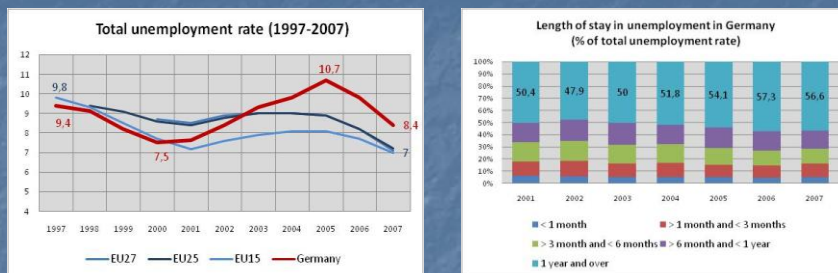
- Employment rate slightly higher than EU27 average
- Involuntary part-time share close to EU27 average
- Highest level of fixed-term work on an involuntary basis

Net employment creation (1995-2006)



- Entire economy: Hybrid polarisation/upgrading
- Manufacturing: Loss of low-tech and high-tech jobs in all quintiles except on the upper (net creation of high-tech jobs)
- Services: Net creation of both KIS and LKIS

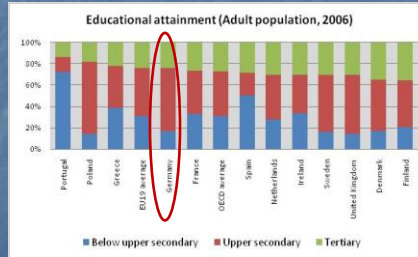
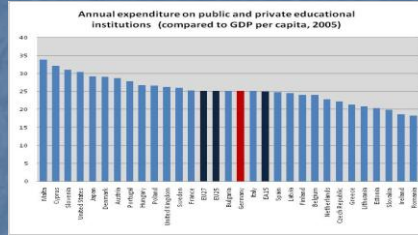
Unemployment



- Evolution according to the European trend
- Declining from 2005 to 2008
- 5th highest level of structural unemployment on the EU

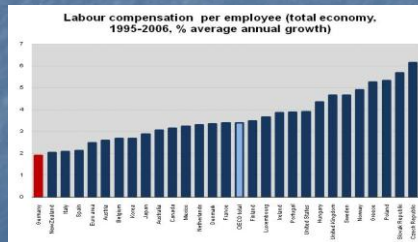
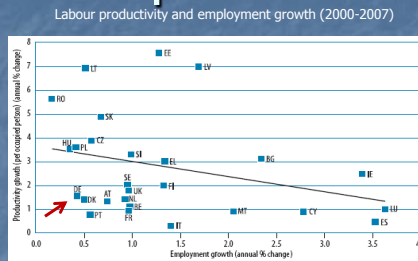
Education

- Expenditure equal to the EU average
- Educational attainment equal to the EU average
- Lifelong learning near the EU average
- Skill levels of the workforce: better than EU average but not a best performer



Productivity and Compensation

- 2007: Germany ranked 19th out of 27 EU countries on productivity growth
- 1995-2006: The smallest in OECD labour compensation per employee

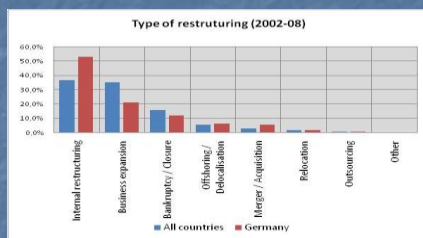


Openness of economy

- Germany's trade in goods and services more than doubled during the last three decades
- FDI (% GDP) higher than EU average since 2005



Restructuring



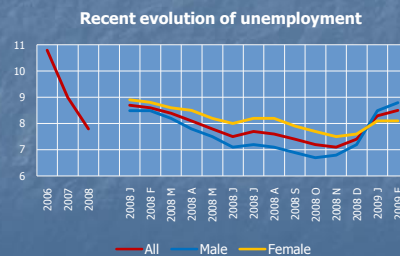
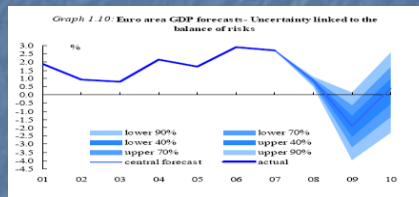
Target destination of relocations and outsourcing (%)

	Germany	Foreign countries	Both
Outsourcing	68,7	19,9	11,5
Relocation	85,0	5,6	9,4

- Internal restructuring more frequent than EU average
- Germany is the prevalent target destination of relocation and outsourcing
- Big enterprises restructure more often than SMEs

Current crisis

- How reliable are the forecasts?
- EC forecasts:
 - Germany worse than EU average on GDP growth
 - Germany better than EU average on unemployment



Questions to the German Social Partners

- Are the current demographic and immigration trends sustainable on the long run?
- What can be done to improve educational attainment and the skills structure in Germany?
- What changes, if any, on the flexicurity patterns are desirable for the near future in Germany?