

Germany to Ease Limits on Some Foreign Workers

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BERLIN, Aug. 24 — In a major shift in policy, the German government announced Friday that it would ease labor restrictions for skilled workers from East European members of the European Union in an effort to overcome serious shortages in key economic sectors.

The announcement, made by Chancellor Angela Merkel after a two-day session of her cabinet to set the government's agenda for the remaining two years of its four-year term, reflects the potential crisis facing Germany.

German industry, the world leader in exports, has repeatedly complained about the lack of skilled labor, outdated training programs, high labor costs and the falling birth rate. Universities are short of professors and other senior teaching professionals in a country where college education is largely free but hampered by undergraduate terms that last up to six years.

Mrs. Merkel said the new plan would meet the concerns of industry and help maintain Germany's competitive edge despite the immense competition coming from China.

The decision to open up the labor market to the European Union's eastern countries represents a turnaround by the German government. In 2004, just before 10 new countries from Eastern Europe were about to join the union, Berlin imposed restrictions, lasting up to seven years, on allowing citizens from the new member states to work in Germany.

The restrictions were imposed despite the fact that the free movement of labor is one of the fundamental rights enshrined in European Union law. Germany argued at the time that a big influx of labor from the new member states would destabilize the labor market.

The reality is that German industry, hotels and services have faced immense pressure from the lower labor costs in Poland. The German Finance Ministry said there was a thriving black economy in Germany while at the same time German companies used Polish services in Poland so as to keep costs down.

The labor plan, agreed to by the coalition of conservatives and Social Democrats, means that in the short term, electrical and mechanical engineers from the East European and Balkan countries that joined the European Union over the past three years will be able to start working in Germany as early as next November.

With so many skilled workers already having left Eastern Europe, however, the new measure is not expected to open the floodgates to large number of immigrants. Given the labor shortage in Germany, those who will be hired by industry here are not expected to undermine local wages.

The countries involved include the three Baltic States of Estonia, Latvia and Lithuania, as well as Poland, Slovakia, Hungary, the Czech Republic, Slovenia, Bulgaria and Romania. Malta and Cyprus are also on the list.

While the news was welcomed by German industry, experts remain skeptical that Germany would in fact have much access to skilled workers from its eastern neighbors. A report issued last month by the Vienna Institute for International Economic Studies showed that the new member states of the European Union were facing their own labor shortages.

The report said: "Lack of labor is reported for most of these countries, not only in the automotive industry in the Czech Republic and Slovakia in particular, but also in segments of the high-skilled service sector such as health care personnel, architects, civil engineers and I.T. experts."

The shortage of skilled labor in these countries was attributed partly to the large inflow of foreign direct investment, which has demanded more skilled labor, and also to the huge emigration of young and highly educated people to the old European Union member states.

At the same time, the German government agreed to restructure the way apprentice training programs were organized so that the programs reflected the needs of industry and that they would be constantly monitored.

On another issue, the government agreed on an ambitious but controversial plan to reduce greenhouse gases by 40 percent by 2020 compared to 1990 levels. The government failed to address the future role of nuclear energy.

Mrs. Merkel's conservatives favor retaining nuclear power while the Social Democrats are committed to phasing out the nuclear power stations.