

Reply by Germany, 31 March 2015

**UN ECOSOC Integration Segment: achieving sustainable development through employment creation and decent work for all, New York, 30 March-1 April 2015
Reply to the UN Guidance Questions for Member States' (and other stakeholders)
inputs to the Integration Segment**

- 1. How has your Government used labour market policies, including wage policies, to help reduce economic and social inequalities?**

In Germany, the collective bargaining parties are generally responsible for wage policies. Irrespective of this, Germany introduced a general minimum wage of 8,50 € per hour which entered into effect on 1 January 2015.

- 2. How has your Government used monetary, fiscal and trade policies to create employment and decent work for all, while ensuring social inclusion and environmental protection? In particular, is the pursuing of full employment considered as a primary monetary policy objective by the Central Bank? Has your country experienced fiscal consolidation process in the recent years?, If so, what has been the impact on employment and social protection in your country?**
- 3. What kind of trade-offs has your Government encountered in the promotion of full employment and decent work for all? What can be done to enhance synergies between respect to international labour standards and to environmental safeguards, productivity, competitiveness and economic growth?**

The objective to create decent work for all is supported by the introduction of the general minimum wage of 8,50 € per hour which has been in effect since 1 January 2015. In addition, there are initiatives such as the *Partnership for Skilled Workers* and the *New Quality of Work Initiative*. The *Partnership for Skilled Workers* is aimed at building on existing achievements such as the increase of the labour-force participation of women, older persons and people with migration background and continuing to tackle the challenges associated with ensuring the supply of skilled labour. The *New Quality of Work Initiative* offers the opportunity for constructive exchange on the design of work between representatives of the federal government, federal states, associations and private-sector

institutions, trade unions, the Federal Employment Agency, enterprises, social insurance institutions and foundations.

In the context of the G7 presidency, Germany is promoting better compliance with labour, social and environmental standards throughout global supply chains.

4. Is youth employment a major issue in your country? What is the proportion of the youth labour force (aged between 15-24) that is unemployed in your country? Does your Government have specific programmes targeted at youth employment?

The employment of young people and the fight against youth unemployment are very important issues in Germany. In 2013, the unemployment rate of young people under 25 stood at 7.8 percent on annual average and fell to 7.7 percent on annual average in 2014 (Eurostat).

Germany has a broad range of labour market instruments which provide assistance for young people at the beginning of their careers or help to prevent or terminate unemployment. These instruments include vocational orientation and choice of career guidance in the framework of vocational guidance, placement into training or employment and training-related assistance aimed at helping young people to successfully complete vocational training.

5. How is your Government addressing the challenges of education/skills and jobs mismatch in your country, especially in the context of the transition to a sustainable development? Does your country have successful initiatives that link education and training to the world of work?

Continuing vocational education and training (CVET) is a key instrument in improving employment opportunities through upskilling and skills development measures relating to the individual and the labour market. There is a range of programmes/courses provided in the framework of active labour market policies.

For example measures for people who have stayed away from the labour market for a long time or who have been unemployed because they lack a formal vocational qualification, their qualification is outdated or whose professional skills are insufficient. The Federal Government is planning to continue these measures. For example, the programme *Initiative to Support Structural Change* ("Initiative zur Flankierung des

Strukturwandels”, 400 million € funding“) of the Federal Employment Service targets unemployed with low skills who would like to start vocational training leading to a formal certificate. Employees with low skills may also receive funding for a professional training leading to a formal certificate through the programme *Further Education for Employees with low skills and older Employees* in small and medium-sized enterprises (*Weiterbildung Geringqualifizierter und älterer Arbeitnehmer in Unternehmen*, 280 million € funding).

Additionally, the initiative to further qualify young adults (“AusBildung wird was-Spätstarter gesucht”) is continued. It was started in 2013 with the aim of reaching within three years 100,000 young people aged 25 to 35 years motivating them to start a professional training leading to a formal qualification or to start a dual vocational training.

6. How has your Government mitigated the trade-offs between the environmental, economic and social dimensions? What kinds of investment have generated the greatest job potential while maintaining environmental sustainability?

7. What kind of policy initiatives and approaches your Government have to facilitate the transition from informal to formal employment and to formalize and increase sustainability of small and micro enterprises, taking into account the economic, social and environmental dimensions of sustainable development?

Alongside (normal) socially insured employment, there is the so-called “marginal employment” in Germany which constitutes a low-threshold entry into the labour market for small working volumes. In particular, it includes low-wage employment with a regular monthly income of up to 450 €. Such kind of employment is not subject to unemployment insurance, health insurance and long-term care insurance contributions. Despite the general requirement of pension insurance coverage, marginally employed persons, however, can apply to be exempted. Employers pay (lump-sum) contributions to health and pension insurance which for marginal employment in private households are lower than contributions that have to be paid for marginal employment in the industrial sector. In addition to this a very low flat-rate tax is due.

“Marginal employment” not only increases the labour market flexibility of employers and workers but contributes to fighting undeclared work. The incentives to register workers - thus turning informal into formal employment - have been increased which is mostly due to the comparatively low tax and contribution burden. Moreover, administrative procedures have been eased, especially for private households for which the household check procedure applies, making it easier for private employers to register and pay workers who

are marginally employed in their households. As an accompanying measure, the tax deductibility of so-called household-related services was introduced in the tax legislation in order to reduce undeclared work in the private area.

8. What kind of institutional framework arrangements are in place in your country for the successful integration of the economic, social and environmental dimensions of sustainable development to facilitate decent work?

9. How do the civil society, trade unions and the private sector engage in promoting an integrated approach to employment creation and decent work for all?

With their work in relation to the training and continuous training of workers, the collective bargaining parties significantly contribute to achieving the objectives mentioned in the question. Through the conclusion of collective agreements they can, moreover, influence the development of wages, thus promoting more than average wage increases for low-wage groups in order to reduce the level of wage differentials.

10. What can the ECOSOC system do to help countries boost economic growth in a sustainable way that creates employment and decent work for all?

The Federal Ministry of Labour and Social Affairs supports the statement of the European Commission on this issue.

The ECOSOC system should contribute to promote policy coherence in global governance so that economic, employment, social and environmental policies work hand in hand and promote inclusive and sustainable growth that creates employment and decent work for all. The system should also facilitate the discussion and exchange of lessons learnt and best practices, and promote mutual understanding and learning in this regard.