

New agreement in the German metal and electrical industry: Remuneration rises significantly!

- **Pay increase in two steps: 5.2 per cent in 2023, 3.3 per cent in 2024.**
- **Total of 3000 euros inflation compensation premium.**

Breakthrough in the collective bargaining conflict in the metal and electrical industry in the fifth round of negotiations: After eleven hours of negotiations, the collective bargaining parties reached a pilot agreement in the night of 17 to 18 November in Baden-Württemberg.

The employers had hesitated for a long time to present an offer at all. They allowed six weeks to pass before they even made in the third round of negotiations the poor offer of a lump sum about 3000 € and a duration 30 months, provoking a large wave of token strikes.

Around 900,000 metalworkers nationwide have temporarily stopped work. The pressure thus generated cleared the way for the negotiation result.

The new collective agreement contains the following elements:

Inflation Compensation Bonus

The Inflation Compensation Bonus is paid out in two steps if the eligibility requirements are met. The first payment of € 1,500 will be made by 1 March 2023 at the latest. The second payment of € 1,500 will be made by 1 March 2024 at the latest. With a voluntary company agreement, the payment date can be brought forward by three months to 1 December 2022 and 1 December 2023 respectively. There is also the possibility to split the two € 1,500 in two pay out tranches of € 750 each one in January the other at the original latest date.

The trainees each receive € 550 on the payment dates mentioned and part-time employees pro rata sum in proportion to their working hours on the respective reference date, but at least € 400.

The eligibility requirement for receiving the inflation compensation payment is 6 months of seniority on the reference date 1 March 2023, respectively 1 March 2024. If the payment date is brought forward by three months by voluntary company agreement, the entitlement requirement is reduced by 3 months. The eligibility requirement for apprentices is to be in an apprenticeship on the cut-off date (no minimum length of seniority is required).

Wage increase in two steps

- A wage increase of 5.2 per cent effective from 1st of June 2023 for all blue and white collar workers and apprentices.
- A wage increase of 3.3 per cent effective from 1st of May 2024 for all blue and white collar workers and apprentices.

Tariff Wage Supplement B (introduced in the 2018 agreement) and **differentiation**

The Tariff wage supplement B will be increased from 12.3 % to 18.5 % of the key wage group from 1st of July 2023. This supplement is tariff-dynamic, that means it will be increased by each wage increase after introduction date. Payment is always done in July of a calendar year.

For the duration of the collective agreement, a so-called differentiation of the Tariff Wage Supplement in 2023 and 2024 is possible. The payment can be postponed from July until

April of the next year in the event of economic difficulties of a company. In this case, the employer must inform the employees and IG Metall 4 weeks before the due date whether and how to postpone due to a difficult economic situation. If, at the time of the postponed payment, the net return on sales is below 2.3% (or would fall below 2.3% as a result of the payment), the employer can waive the right to payment. However, this must be proven to the works council and IG Metall by means of appropriate documentation.

Transformation Allowance (introduced in the 2022 agreement)

In February 2022 a "transformation allowance" amounting to 18.4 percent of monthly wage was paid out. The agreed increase to 27.6 percent of monthly wage in February 2023 was abandoned. The Transformation Allowance will remain permanently by 18.4 percent of monthly wage.

Energy Emergency Clause

The Energy Emergency clause provides for:

- Regular exchange on the current risk assessment between the parties to the collective agreement.
- Particularly at the emergency level, collective bargaining parties enter into talks immediately: check whether adjustments are to be agreed in order to preserve jobs and ensure competitiveness.
- If individual companies have energy supply problems, within 48 hours consultations between management, works council, IG Metall and employers start. If no solution is found within four working days, IG Metall regional office and regional employer's federation will start consultations within a further 3 days.

Duration

The collective agreement runs from 1 October 2022 until 30 September 2024 (24 Months).

The other collective bargaining regions of IG Metall have adopted the Baden-Württemberg agreement.

In view of the sharp rise in prices, IG Metall had also successfully put pressure on the German government for noticeable relief parallel to the collective bargaining round. Hundreds of thousands of metalworkers lobbied, among other things, for an effective gas and electricity price brake.

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Uwe Fink
IG Metall
Collective Bargaining Department