

# ANNUAL REPORT

WSI Collective Agreement Archive · March 2026

The WSI is an institute of  
the Hans-Böckler-Stiftung

# COLLECTIVE BARGAINING IN GERMANY 2025

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# 1 Economic Framework Conditions for the 2025 Collective Bargaining Round

After the crisis years of 2022 and 2023 were marked by historically high inflation rates with consumer price increases of 6.9% and 5.9% respectively, price developments returned to normal in 2024 and 2025. In 2025, consumer prices rose by 2.2% (Statistisches Bundesamt 2026a), as in the previous year, bringing them close to the European Central Bank's target inflation rate. While the years of high inflation had caused employees to suffer significant real wage losses, 2024 saw significant real wage gains for the first time, although these did not fully offset the losses of previous years (Schulten/WSI Collective Agreement Archive 2025). Given the continuing need to catch up with recent inflation rates, the 2025 collective bargaining round faced the question of whether it would be possible to continue the previous year's trend reversal towards rising real wage increases.

However, the economic conditions in 2025 were anything but favorable for further wages increases. Gross domestic product (GDP) recorded only minimal growth of 0.2%, after shrinking by 0.9% and 0.5% in the two previous years (Statistisches Bundesamt 2026b). This was mainly due to a further decline in exports, which could not be offset by stronger domestic demand (Breuer et al. 2025). As a result, the annual average number of unemployed rose to just under 3 million, corresponding to an unemployment rate of 6.3%. Overall, Germany is seeing the development of an increasingly divided labor market, which has a direct impact on the bargaining power of trade unions. While many industries, especially in the service sector, are struggling with a persistent or even increasing shortage of labor and skilled workers, some manufacturing sectors that have been particularly hard hit by the current crisis are facing significant job losses. This is particularly true for the automotive industry, one of Germany's traditional leading industries. Accordingly, job security in these sectors is a key priority for trade unions, which is also reflected in their collective bargaining policy. Overall, the difficult economic conditions in many industries have significantly exacerbated the distribution conflict, which is also reflected in a comparatively high number of strikes and labor disputes (Janssen et al. 2025; Schulten 2024).

## 2 Collective Agreements 2025 at a Glance

### 2.1 Number and Terms of Newly Concluded Collective Agreements

According to the Federal Ministry of Labor and Social Affairs (BMAS 2026), a total of 5,580 new collective agreements were registered in 2025, of which 1,861 were sectoral agreements and 3,719 were company agreements (Table 1). The core of the 2025 collective bargaining round consisted of around 1,500 new pay agreements, including around 600 agreements concluded at sectoral level, and just over 900 company agreements for individual companies. At the end of 2025, a total of almost 90,000 valid collective agreements were registered with the Federal Ministry of Labor and Social Affairs' Collective Agreement Register, including around 10,500 pay agreements (BMAS 2026).

**Table 1: Number of new Collective Agreements registered in 2025 at the Collective Agreement Register of the Federal Ministry of Labor**

	Pay Agreements	Framework Agreements	Agreements with Individual Framework Conditions	Amendment and Parallel Agreements	Total
Sectoral Agreements	605	71	652	533	1,861
Company Agreements	928	329	1,302	1,160	3,719
<b>Total</b>	<b>1,533</b>	<b>400</b>	<b>1,954</b>	<b>1,693</b>	<b>5,580</b>

Source: Federal Ministry of Labor and Social Affairs (BMAS 2026)



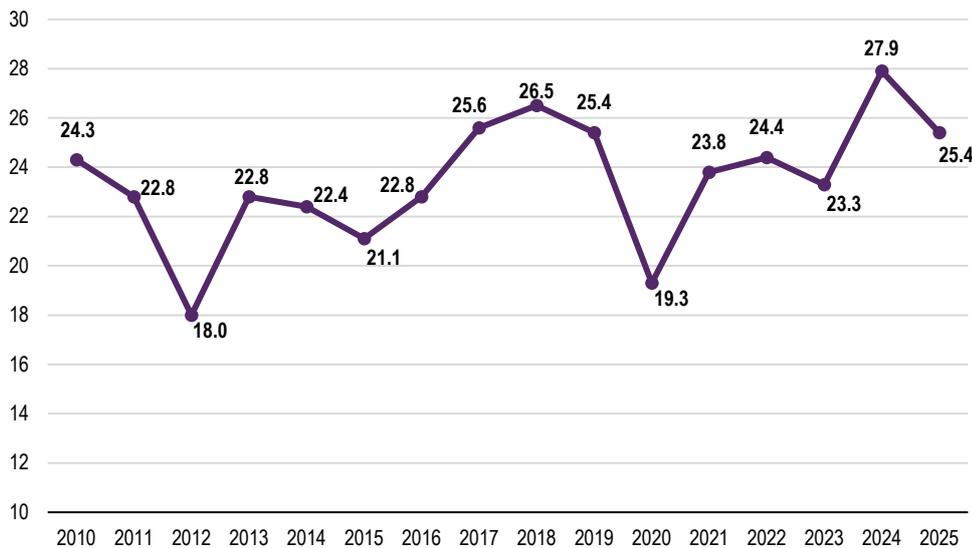
In total, around 19 million employees benefited from wage increases negotiated by the DGB affiliated trade unions in 2025. In the 2025 collective bargaining round, new collective agreements were concluded for around 7.4 million employees; 12.7 million employees received wage increases that had already been agreed in previous years. This also includes important large sectoral agreement for sectors such as the metal and electrical industry, the chemical industry, the construction industry, and retail trade, which were not negotiated in 2025. The picture of the 2025 collective bargaining round was dominated by sectors such as the public sector (federal level and municipalities), Deutsche Post AG, Deutsche Bahn AG, the rubber industry, and the insurance industry (Table 2).

The duration of the collective agreements concluded in 2025 averaged 25.4 months, which was slightly shorter than in the previous year, when a new record was set with an average of 27.9 months (Figure 1). Exceptionally long durations were agreed in 2025, with 36 months for daily newspapers and 33 months for Deutsche Bahn AG. Overall, a minimum term of two years for

collective agreements has now become the norm in Germany. Only 10% of employees were covered by collective agreements newly concluded in 2025 with a duration of less than 24 months. Durations of 12 months, which in many cases are still the benchmark for union wage demands, applied to just over 4% of employees.

Figure 1: Average duration of collective agreements 2010–2025

In months



Source: WSI Collective Agreement Archive



## 2.2 Pay Claims and Settlements

Against the backdrop of normalizing inflation rates, the unions' pay claims in 2025 were again significantly lower than in previous years (Table 2). While double-digit pay claims were still being made in many sectors during the 2024 collective bargaining round (Schulten/WSI Collective Bargaining Archive 2025), these were rather rare in the 2025 round. In most sectors, pay claims varied between 6.0% and 8.0%. One exception was the insurance industry, for which the United Services Union ver.di demanded a pay increase of 12.0% after the industry had only seen below-average wage increases in recent years and thus had a particularly large backlog. The same applies to daily newspapers, for which the unions also claimed an increase of 12.0%. An exceptionally high wage demand of 15.0% was also made by the IG BAU trade union for agriculture, which is a classic low-wage sector and – in the union's view – needs a structural wage increase in order to find sufficient skilled workers in the future (IG BAU 2025). On the other hand, there were also such as the iron and steel industry, which were in an economic crisis so that the union's demands were focused on measures to secure employment (IG Metall 2025).

**Table 2: Selected Pay Claims and Settlements of the 2025 Bargaining Round**

Settlement Date	Bargaining Unit	Pay Claim	Pay Increases 2025	Pay Increases 2026/2027	Duration
30/01/25	<b>Private Transport Industry</b> Brandenburg	€400/month	1 zero month <b>€180/month</b> from 02/25	<b>3.0%</b> from 02/26	24 months until 12/26
16/02/25	<b>Deutsche Bahn AG</b>	7.6%	€200 flat rate for 3 months <b>2.0%</b> from 07/25	<b>2.5%</b> from 07/26 <b>2.0%/year</b> One-time payment in December starting in 2027	33 months until 12/27
03/04/25	<b>Deutsche Post</b>	7.0%	3 zero months <b>2.0%</b> from 04/25	<b>3.0%</b> from 04/26	24 months until 12/26
03/06/25	<b>Paper Manufacturing Industry</b>	7.5%	5 Zero months <b>2.0%</b> from 07/25	<b>2.4%</b> from 05/26 <b>1.1%</b> from 01/27	27 months until 04/27
12/03/25	<b>Confectionery industry East</b>	9.9%, min. €360/month	4 zero months <b>5.0%, min. €135/month</b> from 06/25	<b>2.5%</b> from 07/26	23 months until 12/26
12/03/25	<b>Fast Food Chains</b>	€500/month, €15/hour Pay grade TG 1	8 zero months <b>6.8%</b> on average from 03/25	<b>2.9%</b> from 01/26 <b>8.6%</b> from 10/26 (average in each case)	30 months until 12/26
05-06/04/25	<b>Public Services</b> Federal Government and Municipalities	8.0% min. €350/month	3 zero months <b>3.0%, min. €110/month</b> from 04/25	<b>2.8%</b> from 05/26	27 months to 03/27
10-11/04/25	<b>Textile Industry West</b>	6.5%, min. €200/month	€275 flat rate for 5 months <b>2.0%, min. \$60/month</b> from 08/25	<b>2.9%, min. 80 €/month</b> from 10/26	27 months until 05/27
16/04/25.	<b>Helios Clinics</b>	8.0%, min. €350/month	2 zero months; <b>3.0%, min. €110/month</b> from 03/25	<b>3.0%</b> from 05/26	27 months until 03/27
28 29/04/25	<b>Energy Industry East (AVEU)</b>	7.5%, min. €320/month	<b>3.5%</b> from 04/25	<b>3.5%</b> from 04/26	23 months to 02/27
05/ 06/05/25	<b>Automotive Trade</b> Lower Saxony	6.5 %	3 zero months <b>2.3%</b> from 07/25	<b>3.3%</b> from 08/26	26 months until 05/27
06/27	<b>Rubber Industry</b>	6.7 % Bonus for union members	7 zero months €450 bonus for union members	<b>2.1%</b> from 01/26 <b>2.2%</b> from 12/26 €428 annual bonus for union members from 2026	24 months until 05/27
07/04	<b>Insurances</b>	12.0 % with a social component	4 zero months <b>5.0%, min. €200/month</b> from 08/25	<b>3.3%</b> from 09/26	26 months to 05/27
07/21/25	<b>Daily Newspapers</b>	12.0 %	2 zero months <b>€100/month</b> from 03/25 <b>€90/month</b> from 05/25	<b>3.0%</b> from 03/26 <b>110 €/month</b> from 02/27	36 months until 12/27
12/09/25	<b>Temporary Agency Work</b>	7.5 %	3 zero months	<b>2.99%</b> from 01/26 <b>2.5%</b> from 09/26 <b>3.5%</b> from 04/27	24 months until 09/27
09/30/ 10/09/25	<b>Iron and Steel Industry</b> Northwest Germany/East	Securing real wages	3 zero months	<b>1.75%</b> from 01/26	15 months until 12/26
12/11/25	<b>Coca-Cola (CCEP)</b>	€150/month plus 5.0 %	€400 one-time payment	<b>2.9%</b> from 01/26 <b>2.4%</b> from 01/27	28 months until 12/27
11/19/25	<b>Housing Industry</b>	7.0 %	2 zero months	<b>3.1%</b> from 01/26 <b>€100</b> one-time payment 01/26 <b>2.3%</b> from 02/27	26 months until 12/27

Source: WSI Collective Agreement Archive



Unlike in previous years, the demand for a social component played only a minor role in the 2025 wage increases. After the lower wage groups in many collective agreements had recently received above-average increases in response to the particular burden placed on them by high inflation rates, in 2025 most demands were for percentage wage increases for all employees, which particularly benefited the higher wage groups. The main exceptions were the public sector, the insurance industry, and the textile and clothing industry, where the social component continued to be an important part of the pay claims, primarily in the form of a minimum increase in monthly pay.

The average increase of wage settlements concluded in 2025, which reflects the effective increases of wages over the entire duration of the agreements, was 6.6%, of which an average of 3.5% took effect in 2025. This means that pay settlements were significantly lower than in the previous year, when the average increase was 9.7% (Schulten/WSI Collective Agreement Archive 2025). While the settlement rates in most collective bargaining sectors ranged between 5.0% and 7.0%, there were a few sectors with above-average settlements. This included the insurance industry, which was one of the front runners with a settlement rate of 9.9% and, according to ver.di, achieved "the best result in 30 years" (ver.di 2025).

### **3 Annual Increase of Collectively Agreed Pay**

In order to be able to compare the result of collective bargaining with other economic framework data, an annual collectively agreed pay increases must be calculated, which express the average increase in collectively agreed wages compared to the previous year. In contrast to the increases agreed in the pay settlements, the calculation of the annual wage increases also takes into account the different timing and duration of the wage agreements as well as any agreed zero months with no pay increases. In addition, both new agreements from the reporting year and agreements from previous years that only take effect in the reporting year are included. One-off and lump-sum payments are also taken into consideration. The calculation of the average pay increases for 2025 is therefore based not only on the new agreements concluded this year, but also on collective agreements from previous years in which step increases were set for 2025.

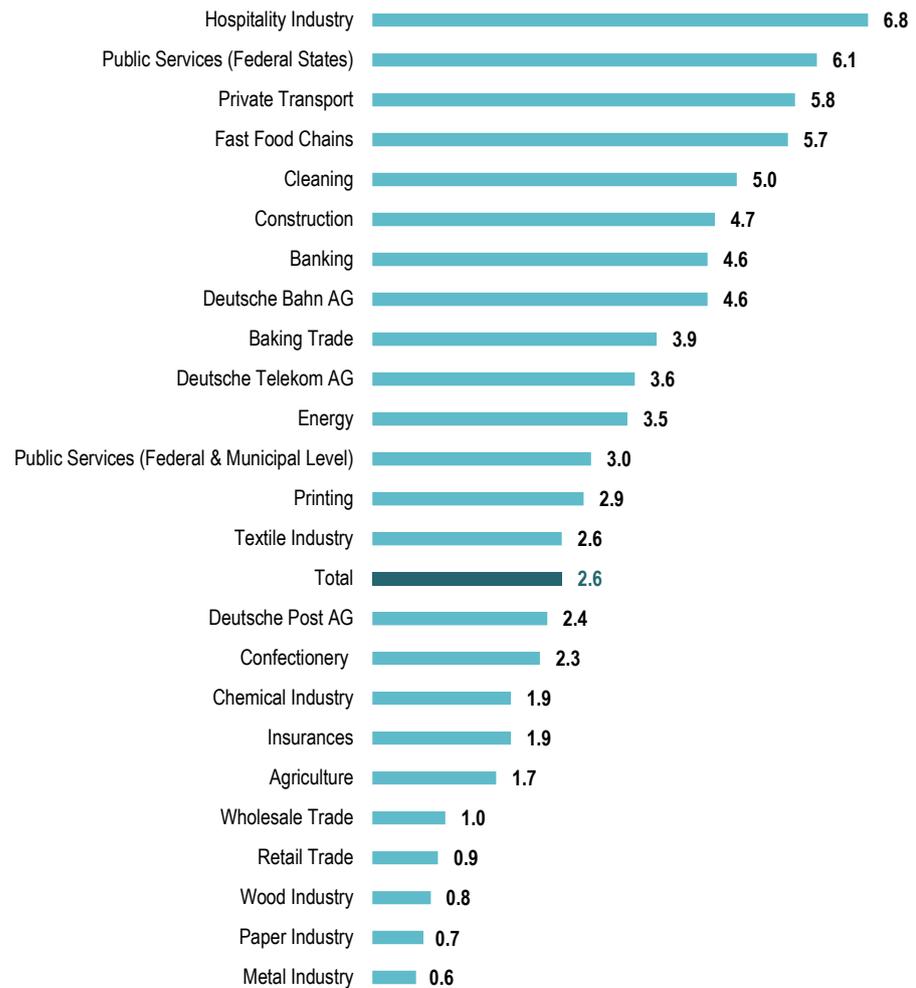
#### **3.1 Annual Pay Rises in 2025**

Considering the newly concluded collective agreements and the pay increases already agreed in previous years for 2025, collectively agreed wages rose by an average of 2.6% in nominal terms in 2025. The range between sectors extends from 0.6% in the metal and electrical industry to 6.8% in the hospitality industry (Figure 2). The considerable differences in collectively agreed wage increases are largely a reflection of the current economic situation in the individual sectors, which directly influences the bargaining power and priorities of the workers and their unions. While many traditional industrial sectors are experiencing job losses, many service sectors are facing

labor and skills shortages. The wage leadership of the industrial sectors (above all the metal and electrical industries), which has long characterized the German model of industrial relations, has shifted significantly in favor of the public sector since the beginning of the 2020s.

**Figure 2: Increase in Collectively Agreed Wages in 2025 in Selected Sectors**

In percent compared to the previous year



Source: WSI Collective Agreement Archive



### 3.2 The Influence of Inflation Compensation Payments

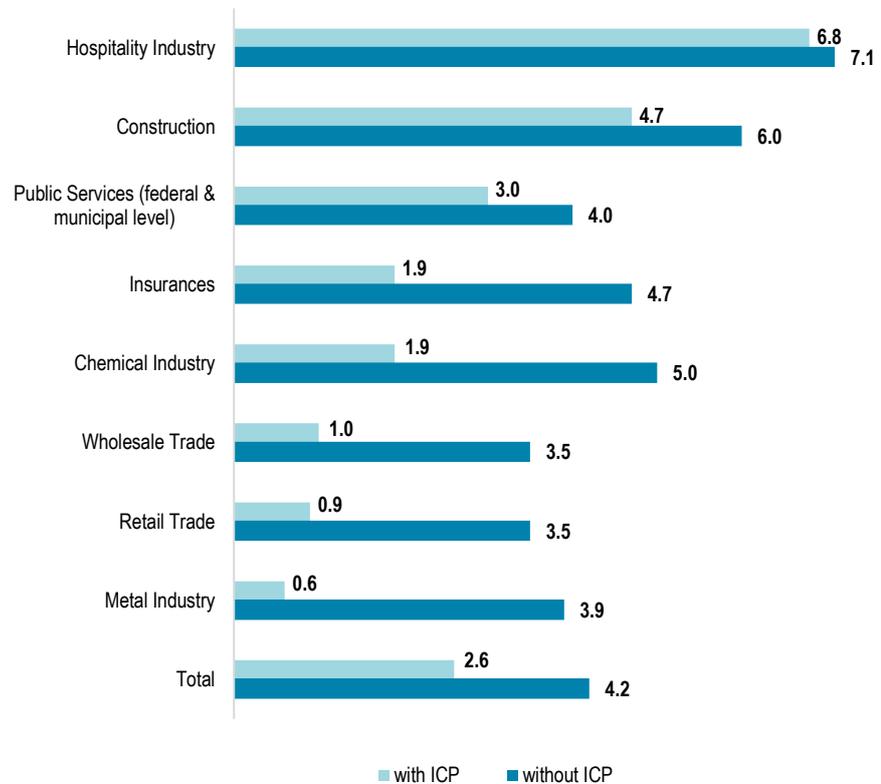
The increases in collectively agreed wages in 2025 were also significantly influenced by an important special factor, namely the discontinuation of the inflation compensation payments (ICPs) that had previously been paid. The IAPs date back to a regulation introduced by the German government in 2022, which gave companies the option of paying their employees a lump-sum of up to €3,000 by the end of 2024, which was not subject to tax or social security contributions. Against the backdrop of high inflation rates, the IAPs were intended as a tool to provide employees with quick compensation for high prices and at the same time curb wage growth to prevent a feared wage-price spiral.

Within the trade unions, the ICPs were initially the subject of heated debate. On the one hand, they offered employees highly attractive one-off payments to compensate for current price increases in the short term. On the other hand, they reduced the wage increases that would have been reflected in the pay scales, which would lead to correspondingly lower wages for employees in the long term (Bispinck 2023). In practice, collective agreements on the amount and payment modalities of the ICPs were ultimately concluded in almost all sectors (Schulten/WSI Collective Agreement Archive 2024, 2025). According to an evaluation by the Federal Statistical Office (Statistisches Bundesamt 2025), a total of 86.3% of employees covered by collective agreements were entitled to an inflation compensation payment over the entire period from 2022 to 2024.

In most collective agreements, the payment of ICPs was spread over the years 2023 and 2024 and paid out in several tranches. In 2025, however, the ICPs that had been paid as one-off payments in previous years were discontinued, meaning that the employees affected had to accept a de facto wage cut. The wage increases agreed for 2025 first had to compensate for this wage cut before they could generate new wage increases. Overall, the discontinuation of ICPs in 2025 therefore had a strong dampening effect on the development of collectively agreed wages.

A model calculation by the WSI Collective Agreement Archive showed how the increase in collectively agreed wages would have developed in 2025 without taking ICPs into account for selected collective agreements (Figure 3). Significant differences can be seen in almost all sectors considered here. The differences are most pronounced in the metal and electrical industries, where collective wage increases without ICPs would have risen by 3.9%, more than six times higher than with ICPs (0.6%). In retail, wholesale, and foreign trade, collective wages without ICPs would have increased more than three times higher, and in the chemical industry and insurance sector, more than twice as high. Considering all eight collective bargaining sectors evaluated here, the average increase in collectively agreed wages in 2025 would be 4.2% without ICPs, rather than 2.6% (Figure 3).

**Figure 3: Increase in Collectively Agreed Wages in 2025 in Selected Sectors with and without Inflation Compensation Payments (ICP)**  
In percent compared to the previous year



Source: WSI Collective Agreement Archive



### 3.3 Long-term Development of Collectively Agreed Wages

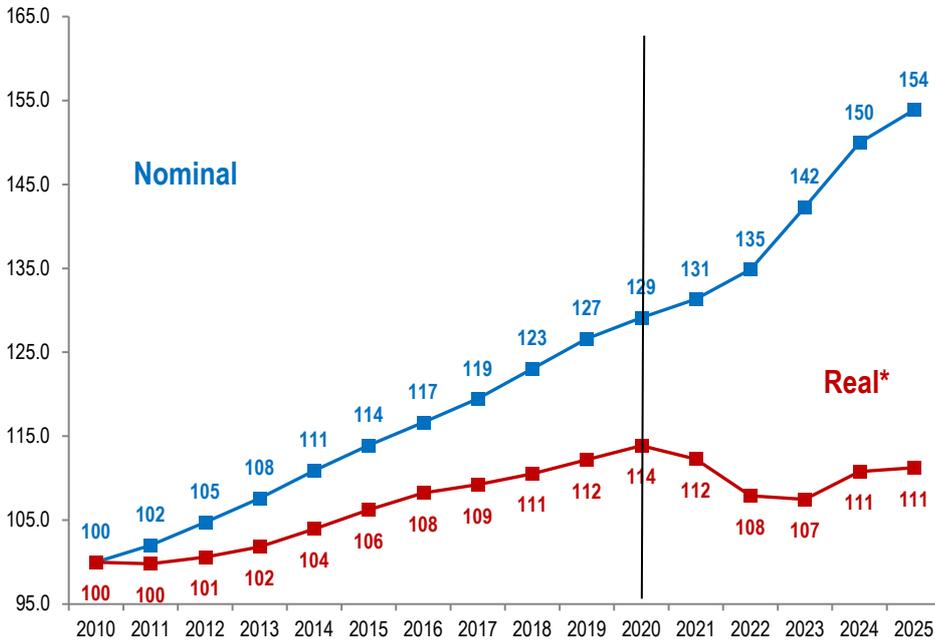
At 2.6%, the average increase in collectively agreed wages in 2025 was significantly lower than in the two previous years, when they rose by 5.5% (2023) and 5.4% (2024) respectively (Figure 4.1). Following the exceptional collective bargaining rounds during the period of high inflation, the development of collectively agreed wages in 2025 is back in line with the long-term trend. The increase of 2.6% corresponds exactly to the average annual growth rate in the 2010s, when collectively agreed wages rose between 2.0% and 3.0% annually.

Figure 4: Development of Nominal and Real Collectively Agreed Wages 2010–2025

4.1: in % compared to the previous year



4.2: 2010 = 100



\* Deflated by the development of national consumer prices  
Source: WSI Collective Agreement Archive, Destatis



With consumer prices rising by 2.2%, collectively agreed wages grew by 0.4% in real terms. This meant that the real wage level of collectively agreed employees was secured or slightly increased in the 2025 collective bargaining round. However, during the years of high inflation from 2021 to 2023, employees covered by collective agreements suffered massive real wage losses, which could not be fully offset by the real wage increases in 2024 and 2025 (Figure 4.2). The real wage level of collectively agreed wages remains below the pre-crisis level of 2020. Due to the associated loss of purchasing power, there is still a considerable need to catch up with real wage developments.

## **4 Statutory Minimum Wage and Collectively Agreed Sectoral Minimum Wages**

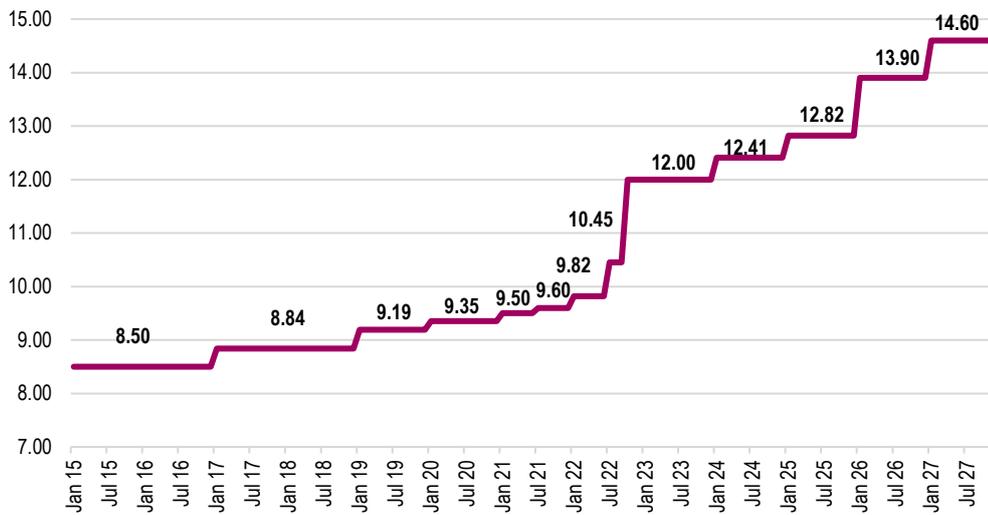
On January 1, 2026, the statutory minimum wage in Germany was increased from €12.82 to €13.90 per hour, which corresponds to an increase of 8.4% (Figure 5). According to estimates by the Federal Statistical Office (Statistisches Bundesamt 2026c), this will result in higher wages for up to 4.8 million employees, i.e., up to 12% of all employees in Germany. A further increase in the minimum wage of 5.0% to €14.60 is planned for January 1, 2027, which could benefit up to 7 million employees.

The minimum wage increase planned for 2026 and 2027 is the highest ever decided by the Minimum Wage Commission. Only the extraordinary increase in 2022 to €12.00, which was not decided by the Minimum Wage Commission but by a decision of the German Parliament, was even higher. The Minimum Wage Commission's latest decision was made against the backdrop of the European Minimum Wage Directive, which aims to raise statutory minimum wages to an "appropriate" level and recommends using a reference value of 60% of the median wage and 50% of the average wage as a guide (Müller/Schulten 2022). The Minimum Wage Commission (2025), composed of equal numbers of trade union and employer representatives, agreed in January 2025, as part of new rules of procedure, to base its minimum wage decisions "on an overall assessment of wage developments and the reference value of 60% of the gross median wage of full-time employees." The latest decision by the Minimum Wage Commission takes this into account in that the second minimum wage increase on January 1, 2027, will bring the threshold value of 60% of the median wage within reach (Schulten/Lübker 2025).

After the European Court of Justice confirmed the legality of the European Minimum Wage Directive in its ruling of November 2025 (Müller/Schulten 2026), the reference value of 60% of the median wage is likely to become even more important in the future as a guideline for a more appropriate minimum wage level in Germany. Against this backdrop, there are also calls to explicitly include this reference value in the German Minimum Wage Act (Lübker 2026).

**Figure 5: Statutory minimum wage in Germany 2015–2027**

In Euro per hour



Source: WSI Collective Agreement Archive



The increase in the minimum wage primarily benefits employees who work in companies without collective agreements. However, there are also several traditional low-wage sectors in which the lowest wage groups of collective agreements are affected by the statutory minimum wage, leading to a corresponding need for adjustments. In practice, the minimum wage has helped to enforce stronger wage dynamics, especially in weakly organized industries, and to significantly raise collectively agreed wages (Bispinck et al. 2023). The unions use the statutory minimum wage as the lowest benchmark in collective bargaining in order to enforce significantly higher minimum wages under collective agreements (Reuter 2025). In some industries, such as fast-food restaurant chains, distance clauses have now also been agreed, according to which the lowest collectively agreed wages must always be a certain amount or percentage above the statutory minimum wage.

**Table 3: Collectively agreed sectoral minimum wages, 2026\***

In Euro per hour

Industry	Euro/hour	Industry	Euro/hour
<b>Security Personnel at Airports</b>		<b>Hospitality Industry Schleswig-Holstein</b>	
• EG II	23.09	• EG 9	21.01
• EG III	21.24	• EG 8	19.43
• EG IV	17.21	• EG 7	18.25
<b>Cash and valuables services NRW**</b>		• EG 6	17.68
• Cash Transport	22.59	• EG 5	16.09
• Cash Processing	19.10	• EG 4	15.61
<b>Ground Handling Services at Airports</b>		• EC 3	15.29
• EC 7	22.23	• EC 2	14.97
• EG 6	21.36	• EG 1	14.62
• EG 5	19.50	<b>Vocational training and continuing education</b>	
• EG 4	18.30	• EG 2 (Bachelor's degree)	20.86
• EG 3	17.70	• EG 1 (educational staff)	20.24
• EG 2	17	<b>Care sector</b>	
<b>Stonemasonry and Stone Sculpting R.-P.**</b>		• Nursing professionals	20.50
• LG 1	21.86	• At least 1 year of training	17.35
• LG 2	19.56	• Auxiliary staff	16.10
• LG 3	18.62	<b>Hairdressing NRW** ***</b>	
• LG 4	16.97	• VG 5	19.04
• LG 5	16.75	• VG 4	17.54
• LG 6	16.67	• VG 3	16.17
• LG 7	14.54	• VG 2	15.23
<b>Security Services NRW**</b>		• VG 1	14.60
• LG 11b	21.09	<b>Building cleaning</b>	
• LG 11a	19.29	• Glass and Facade Clearing	18.40
• LG 4b	18.83	• Interior and Maintenance Cleaning	15.00
• LG 8d	17.85	<b>Carpentry (Hesse)** (LG 4)</b>	18.16
• LG 4a	17.77	<b>Private bus transport Bavaria (LG2)</b>	17
• LG 5b	17.31	<b>Roofing trade***</b>	
• LG 7	17.30	• Technical Work	16.60
• LG 1c/3b	16.27	• Support staff	14.96
• LG 2c	15.85	<b>Painting and Varnishing Trade (journeyman)</b>	15.55
• LG 5a	15.79	<b>Temporary Agency Work***</b>	14.96
• LG 2b/3a	15.62	<b>Electrical Trade</b>	14.93
• LG 6	15.22	<b>Scaffolding Trade***</b>	14.35
• LG 1b	14.95	<b>Statutory Minimum Wage</b>	13.90
• LG 1a/2a	14.60		

\* EG = remuneration group, LG = wage group; VG = compensation group

\*\* Other regional collective agreements generally binding

\*\*\* Declaration of general applicability not yet issued

Source: WSI Collective Agreement Archive, as of January 1, 2026



In addition to the statutory minimum wage, there are numerous industry minimum wages in Germany that are based on collective agreements that have been declared generally binding. At the beginning of 2026, there were a total of 17 sectoral agreements in Germany with collectively agreed wages that had been declared generally binding (Table 3). These can be divided into two groups. The first group comprises sectoral agreements whose declaration of general applicability was made based on the German Collective Bargaining Act. These include, for example, security services, hairdressing, and the hospitality industry. A characteristic feature of this group is that the extension applies not only to the lowest pay scale, but to several pay scales or even the entire pay scale. At the same time, the extension can apply to both national and regional collective agreements. While there are generally binding collective agreements for security services in almost all federal states, there are only a few in hairdressing and currently only one in the hospitality industry in the Federal State of Schleswig-Holstein.

In a second group of collective bargaining sectors, the extension is granted because of the German Posted Workers Act. In these sectoral agreements, which include building cleaning, roofing, and painting and varnishing, there are a maximum of only three pay scale groups that can be declared generally binding. With this form of extension, only collective agreements that are valid nationwide can be taken into account. All collectively agreed minimum wages are above the statutory minimum wage and vary between €14.35 and €23.09 per hour, depending on the industry and pay grade. In contrast to many other European countries, however, the instrument of generally binding minimum wages in Germany is not very widespread and is concentrated in a relatively small number of sectors. The reason for this is the generally negative attitude of employers' associations, which also have various veto options at their disposal to prevent an extension of collective agreements (Günther 2021).

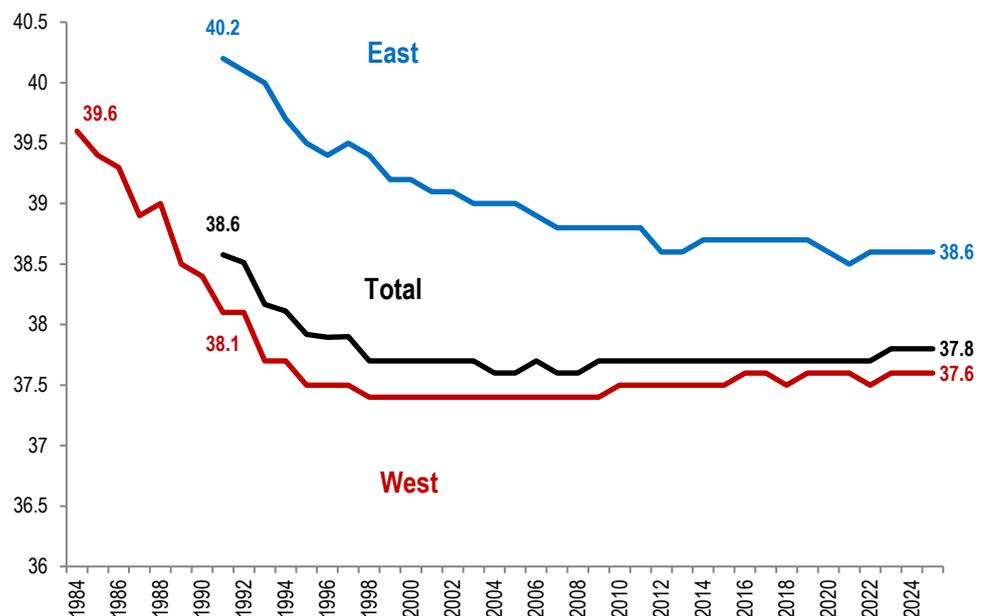
## 5 Collectively Agreed Working Hours

The issue of working time policy has recently been put on the agenda, primarily by employers, and, with the support of relevant political circles, is aimed above all at longer and more flexible working hours. The focus is on calls for a revision of the German Working Time Act, with the aim of abolishing the maximum daily working time (Lott/Peters 2025). In contrast, recent studies from the WSI Collective Agreement Archive show that the working hours stipulated in collective agreements are neither too short nor too inflexible, but on the contrary enable extremely differentiated working time arrangements in practice (Bispinck/WSI Tarifarchiv 2025).

Regarding the duration of collectively agreed working hours, however, little has changed in the last two decades (Figure 6). The average collectively agreed working time has remained constant at 37.8 hours per week for years. Reductions in working hours under collective agreements, as was still the case in the 1980s and 1990s, have now become an absolute exception. If they occur at all, they are most likely to be found in eastern Germany, where, 35 years after German reunification, working hours under collective agreements are still on average one hour longer than in the west.

Figure 6: Average Collectively Agreed Weekly Working Hours in Germany 1984–2025

In hours per week



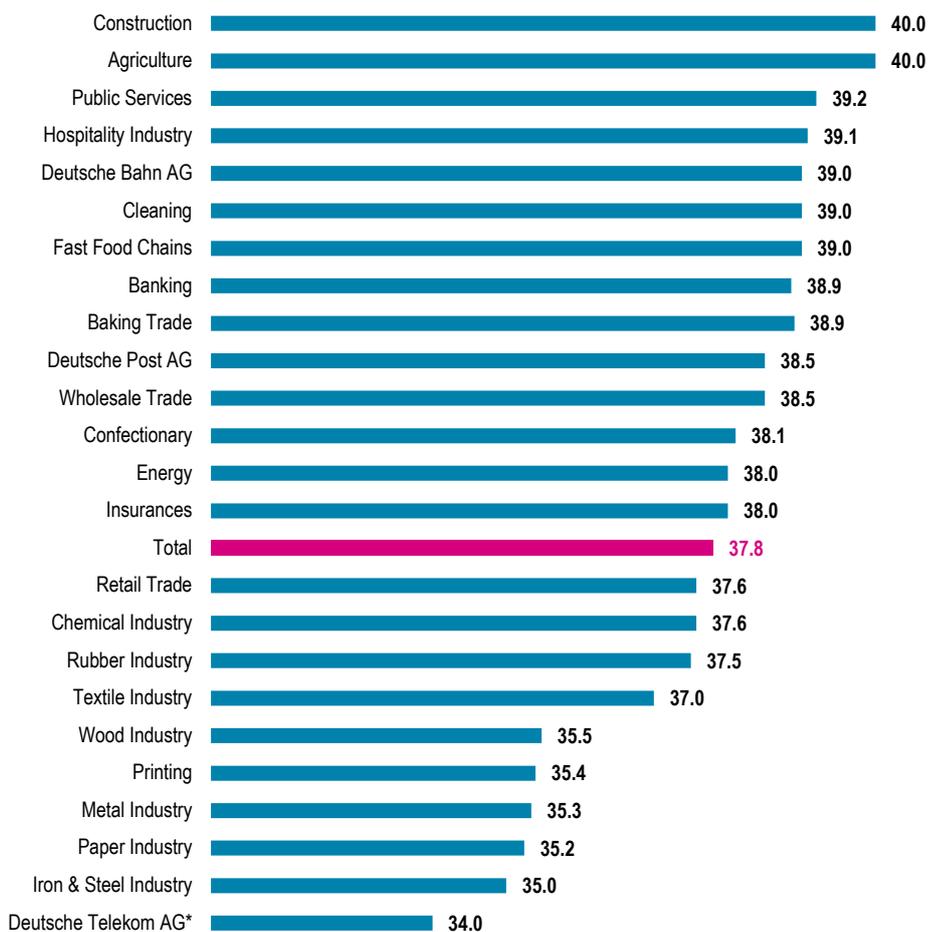
Source: WSI Collective Agreement Archive



There are still major differences between the major sectoral agreements in terms of working hours (Figure 7). The weekly working hours agreed in collective agreements still vary between 40 hours in the main construction industry and agriculture and 34 hours at Deutsche Telekom AG. Only just under 20% of employees are covered by collective agreements with 35 hours or less per week. 30% have a collectively agreed working week of between 36 and 38 hours, a further 38% have between 38.5 and 39.5 hours, and just over 11% have 40 hours or more.

**Figure 7: Average Collectively Agreed Weekly Working Hours in 2025 by sectors**

Data in hours per week



\* Summary of several collective bargaining sectors  
Source: WSI Collective Agreement Archive

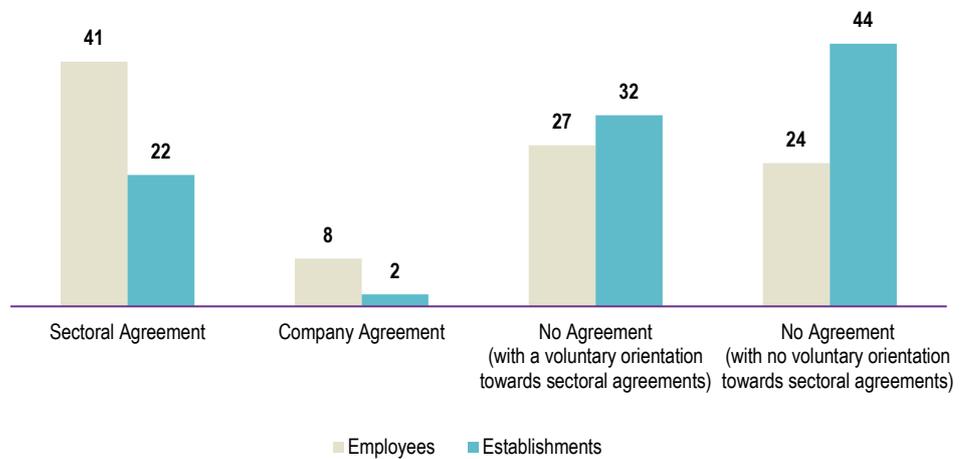


## 6 Collective Bargaining Coverage

Collective bargaining coverage in Germany has declined sharply since the mid-1990s (Hohendanner/Kohaut 2025). According to data from the IAB Establishment Panel, in 2024 only 49% of all employees in Germany worked in companies covered by collective agreements, including 41% in companies with sectoral agreements and 8% in companies with company agreements (Figure 8). Beyond the predominantly collective agreement-bound public sector, only 41% of employees in the private sector worked in companies covered by collective agreements.

Figure 8: Collective Bargaining Coverage in Germany in 2024

In percent of employees and companies



Source: IAB Establishment Panel (Hohendanner/Kohaut 2024), own calculations



Among companies, collective bargaining coverage was only 24%, as smaller companies are significantly less likely to be covered by collective agreements than larger companies. However, larger companies have also contributed significantly to the decline in collective bargaining coverage in Germany. Of the 40 leading corporations in Germany that are listed on the German stock index (DAX), seven had no collective agreements in 2023, while the remaining DAX companies are bound by collective agreements in their core areas but often have numerous subsidiaries without collective agreements (Schulten et al. 2023).

While large and well-known companies such as Amazon and Tesla have refused to enter into collective bargaining for years, there were again numerous cases of companies opting out of collective bargaining agreements in 2025. One of the most spectacular cases was that of the well-known sportswear manufacturer Adidas, which converted its membership in the employers' association of the shoe and leather industry into a so-called OT membership (OT = without collective agreement) in the fall of 2025 in order to withdraw from the association's sectoral agreement. The Adidas Group has also

categorically rejected calls from the responsible trade union, IG BCE, to enter into negotiations for a company agreement (Hagelüken/Ritzer 2025).

Working conditions in companies not bound by collective agreements are generally significantly worse than in companies with collective agreements. On average, employees without a collective agreement have to work almost an hour longer per week, but at the same time receive almost 21% less money (Lübker/Schulten 2024, p. 11). Even when the differences are adjusted for various structural effects (such as company size, industry affiliation, etc.), there is still a significant collective bargaining gap: employees without a collective bargaining agreement work 53 minutes longer and earn over 10% less. As a rule, the voluntary "orientation" to existing collective agreements stated by just under a third of companies (30%) is no substitute for binding collective bargaining coverage. On average, pay and working conditions in these companies are also significantly worse than in comparable companies with binding collective bargaining coverage (Ellguth/Kohaut 2020).

In view of the ongoing erosion of the German collective bargaining system, there has been increasing discussion in recent years about different approaches to strengthening collective bargaining coverage (Behrens/Schulten 2023; Schulten/Müller 2024). These include, on the one hand, various organizing projects by trade unions that aim to build new organizational power in companies and, in doing so, establish and secure collective bargaining coverage (Dribbusch et al. 2026). This process is to be supported by member benefit provisions in collective agreements, although the specific effects of these can vary greatly in individual cases (Bahnmüller 2025). In 2025, trade unions again succeeded in "striking" individual companies into collective bargaining as part of "house battles." One of the most spectacular examples is the kebab meat manufacturer Birtat, where, after a total of eleven warning strikes by the NGG union, it was possible for the first time in the industry to enforce a collective agreement (NGG Landesbezirk Südwest 2025).

As important as the numerous organizing projects of the unions are for strengthening their organizational power in companies, they alone will not be enough to significantly increase collective bargaining coverage in Germany again (Dribbusch et al. 2026). In addition, the state is also called upon to improve the framework conditions for functioning collective bargaining autonomy (Behrens/Schulten 2023). This is also a key objective of the European Minimum Wage Directive, which requires all member states with collective bargaining coverage below 80% to submit concrete action plans to strengthen collective bargaining (Schulten/Müller 2024). While trade unions in Germany submitted comprehensive proposals on this issue at an early stage (DGB 2024), employers' associations reject government measures to give collective agreements preferential treatment and instead call for fundamental equal treatment of companies bound by collective agreements and those not bound by them (BDA 2025). Since both sides cannot agree on joint

measures to strengthen collective bargaining coverage, it is now up to the federal government to present a corresponding action plan.<sup>1</sup>

## 7 Outlook

The 2025 collective bargaining round was unable to continue the extremely dynamic wage development of the previous two years. It provided a slight increase in real wages, thereby securing the purchasing power of employees. The sharp decline in real wages during the crisis years from 2021 to 2023, however, means that there is still considerable ground to make up, which the 2025 wage increases were unable to compensate for. In addition to the weak economic development, this was mainly due to the elimination of inflation compensation payments, which had a strong dampening effect on the increase in collectively agreed wages. In addition, the 2025 collective bargaining round also points to a certain normalization of collective bargaining policy, which, after a phase of exceptionally high inflation rates and wage increases, is now returning to a phase of more moderate price and wage developments.

In 2026, the German economy is likely to grow more significantly again for the first time, mainly due to massive public investment (Breuer et al. 2025). However, due to structural problems and a generally very uncertain international situation, the export economy remains a cause for concern. Against this backdrop, collective bargaining must also contribute to stabilizing and strengthening the domestic economy. In this situation, it would be particularly short-sighted in macroeconomic terms to opt for wage restraint or even zero wage increases, as some employers' associations have already demanded. However, the wage demands of the trade unions already indicate that the different economic conditions in the individual sectors and the associated divided labor market in Germany will also be reflected in the wage agreements of the 2026 collective bargaining round. While sectors such as the public service at the state level are still demanding relatively high wage increases of 7%, the chemical industry is deliberately refraining from specifying a wage demand and instead focusing its collective bargaining policy on securing employment in addition to securing purchasing power. This is likely to characterize the wide range of demands in the 2026 collective bargaining round.

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<sup>1</sup> The federal government should have presented this action plan by the end of 2025 at the latest. However, at the time of going to press (end of January 2026), no corresponding decision had yet been made.

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Collective Bargaining Report (Internet)