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# Exodus of Skilled Workers Leaves Germany in a Bind

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FRANKFURT -- Skilled workers, such as engineers and doctors, are leaving Germany in record numbers and fewer immigrants are arriving, causing crucial holes in work forces for some companies and threatening the ability of the world's third-largest economy to compete globally.

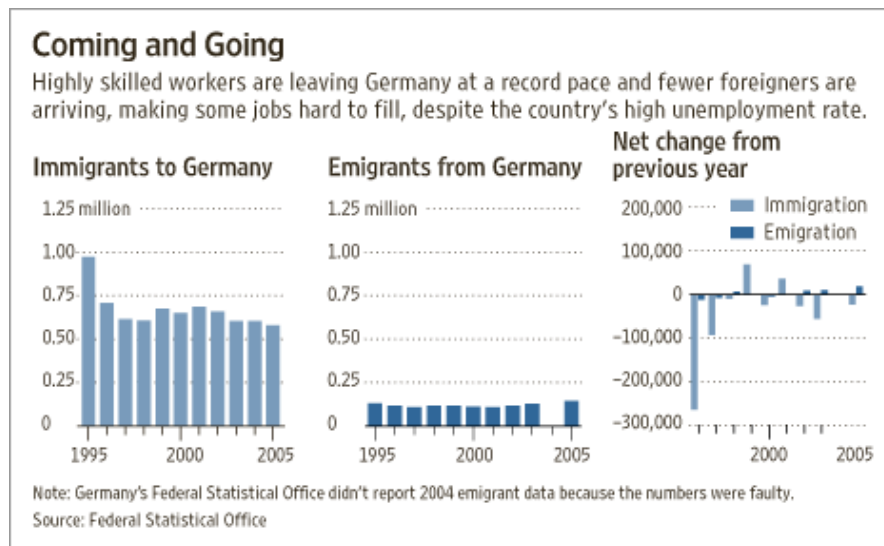
High taxes, relatively low salaries and inflexible working conditions are among reasons that a record 144,815 German citizens left the country in 2005, the first year since 1968 that more Germans ventured abroad than returned home. That number was up nearly 25% from 2002.

The trend -- which continued through the first half of last year, according to the most recent data available -- involves relatively small numbers of people in a nation of 82 million.

Even though it is impossible to tell whether those who leave are gone for good, the flight of the country's engineers, academics, doctors and others has ignited fears of a brain drain. It has spurred some German companies and politicians to demand changes in immigration laws and other actions to attract and keep highly trained workers.

## Engineers in Short Supply

About 16% of German companies say they can't find qualified candidates for open positions, partly because of the flight of highly qualified workers. The engineering sector alone boasts 22,000 openings, with architects and electrical engineers among the most sought after.



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"We cannot simply look on as precisely those people emigrate who are valuable, well-educated and motivated,"

**DaimlerChrysler** Chief Executive Dieter Zetsche said in the German weekly *Der Spiegel*. "We should encourage people to immigrate who can help us solve our problems."

However, with unemployment at 10.2% in Germany, about double the

U.S. rate, any loosening of immigration laws would face steep political hurdles.

The flight of skilled labor is gathering pace at a time when fewer immigrants are coming to work in Germany and many other European Union countries. Unfriendly immigration laws discourage many potential replacements for those who are leaving. The resulting shortage of highly skilled labor is exacerbated by broader demographic trends that threaten the EU's long-term economic growth. These include low birth rates and the large ranks of retiring baby boomers.

In 2005, the number of foreign citizens migrating to Germany fell to 579,301, down nearly 11% from 2000. The same year, more people left the Netherlands than migrated there. France, meanwhile, added just 1.7 immigrants per 1,000 residents, about half the U.S. rate.

About 12,000 German doctors worked abroad in 2005, attracted in part by salaries up to twice as high as in Germany. Enough fled to German-speaking Switzerland that some Swiss complained about the influx.

German hospitals are struggling to cope with as many as 5,000 unfilled posts for physicians. That has forced some of those hospitals to redirect patients in need of complicated procedures to better-staffed facilities.

So many academics have left Germany that programs have sprung up to lure them back. In 2003, the German Academic Exchange Service, a network of universities, technical schools and other educational institutions, started a program in the U.S. called GAIN, which aims to keep German academics abreast of job opportunities back home.

German businesspeople abroad, meanwhile, flood blogs with complaints about the problems they faced in their homeland. These include limited possibilities for promotion, high payments into a pension system that they doubt will last through their own retirements and rigid labor rules that make it hard to switch jobs.

About 80 engineering and business-strategy jobs remain open at Continental AG, a Hannover car-parts supplier with €13.8 billion (\$18.22 billion) in sales in 2005. In addition to enrolling employees in courses to update and upgrade their skills, the company is lobbying the German government to lower the bureaucratic hurdles to recruiting engineers from abroad.

#### **'Takes Too Long'**

"The barriers are too high and it simply takes too long," said Bettina Koerner, a Continental spokeswoman. She said a continuing lack of key personnel would risk damaging the company's ability to innovate and compete.

Job seekers from abroad must prove they possess skills that can't be matched by domestic applicants, or that they will earn at least €84,600 annually -- wages too high for many small and medium-size businesses. In 2005, about 900 immigrants met the criteria, according to the German Labor Ministry.

German businesses worry that skill shortages will become more acute as the country recovers from years of sluggish growth. Germany's gross domestic product is expected to increase by about 1.5% in 2007, a slowdown from a pace of around 2.5% last year, but still healthy by recent standards.

"Highly qualified immigrants must be part of our strategy" for dealing with an increasing skill shortage, says Oliver Heikus, economist for the German Association of Chambers of Commerce and Industry, which wants the minimum-wage requirement for qualified immigrants lowered.

Unlike Germany, the United Kingdom and Ireland opened their borders to immigrant workers from Eastern Europe when eight former communist-bloc countries joined the EU in 2004. Many economists believe the hundreds of thousands of Poles, Lithuanians and others who moved to work in these countries have boosted their sustainable growth rates.

Fear of competition from cheap Eastern European labor has made a similar move politically unpalatable in Germany. Last year, Berlin extended its ban on workers from the new EU states until 2009. Even the U.K., responding to domestic political pressures, has decided to restrict workers from the EU's latest entrants, Romania and Bulgaria, which joined the bloc on Jan. 1.

Mr. Heikaus said the worsening skills shortage could strengthen corporate Germany's hand in its longstanding battle for more labor-market flexibility, such as easing restrictions on hiring and firing, as well as lower taxes. Germany's Ministry for Business and Technology has commissioned a study on the emigration uptick. Germany has said it will push for an EU-wide approach to attracting skilled workers during its six-month term as EU president, which began Jan. 1.

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