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Flexi-Instruments in the Chemical Industry

Overview of options for
modifying wage agreements

Arbeitgeberverband Chemie
Rheinland-Pfalz e.V.

Bahnhofstraße 48 Phone +49 - 6 21 - 5 20 56 - 0 info@chemie-rp.de
D - 67059 Ludwigshafen Fax +49 - 6 21 - 5 20 56 - 20 www.chemie-rp.de



Transition to flexible pay

In recent years employers and employees in the chemical industry have taken advantage of a series of flexible options and opportunities in the chemical industry's traditional collective wage agreements. Since then, chemical companies have had considerable room for manoeuvre concerning costs and working hours. Wage agreements, on a case by case basis, have also been modified.

Flexi-instruments may not only be used when companies find themselves in economic difficulties. They can, with an eye on the future, also be used according to business needs – to maintain both the competitiveness of the chemical industry and job-security in Germany.

These different measures leading to greater flexibility in wage agreements can also be to a large extent combined with each other. In this way, according to their individual needs, companies can achieve substantial cost-saving and streamline their operating procedures.

Opportunities for adjusting existing wage agreements

At operational level, if both parties agree, a pay reduction of up to 10% can be agreed if it is necessary in order to remain competitive, to save the plant from closure and/or to avoid job-losses. This also has a knock-on effect, for example, on shift bonuses and yearly bonuses.

Adjustments to yearly bonus agreements

In cases of severe economic difficulties, with the agreement of the Works Council and both parties, yearly bonuses can be reduced, cancelled or suspended to a later date. Savings of 7.34% of yearly bonus payments can be achieved by reducing the entitlement to zero.



Transition to flexible working hours

Yearly bonus options

In keeping with the risk-reward ratio, the size of yearly bonuses can be directly linked to the company's performance. Instead of fixed amounts equivalent to 95% of monthly wages, at operational level a bandwidth of 80-125% can be agreed.

Competitive wages

With the consent of the parties involved, different arrangements regarding rates of pay and agreed working conditions can be made. This clause applies to firms whose agreed working conditions are uncompetitive as a result of the overlap of their activities with the scope of the collective wage agreements of other industrial sectors.

Lower starting wages

Blue-collar workers employed with open-ended contracts and skilled people who are taken on are paid 95% of the normal wages during the first year of employment. Newly-hired long-term unemployed people receive 90%.

Transition to flexible working hours

At operational level a working week of 35-40 hours can be agreed for individual plant sections or larger groups of workers. A reduction of the standard working hours from 37.5 to 35 per week is equivalent to a 6.67% reduction in wages.

Fluctuations in working hours

The standard working hours need not be reached every single week but can be averaged out over a period of up to twelve months (independent of the calendar year). Furthermore, under certain circumstances, this period can be prolonged for up to three years. So, when the work load is heavy, longer hours may be worked and when the volume of work is light, the surplus hours accumulated can be compensated for accordingly.

Flexi-leave

In accordance with the chemical industry's collective agreement, overtime is not paid but compensated by time off. If this time off is taken within a month, the overtime does not accrue any bonus.

Alternative agreements



Time bank option

Voluntary agreements can be reached to set up a time bank. Time and money credits can be used for useful activities such as training or for leave before retirement and so on.

Collective agreement about training

This collective agreement contains general conditions regarding training and development, which can be met via voluntary agreements in the company concerned. In order to make fairer cost-sharing possible, the employee contributes as a rule, his/her time, which can also be taken from a time bank.