

**Manuscript**  
**Eu – labour market**  
**BRT, Germany**

Presenter Katharina Altemeier:

Germany's labour market is very tight at the moment. Many people fear that the EU's enlargement will be an additional burden on the already tense situation. Will there ever be common wages in Europe? What risks does the enlargement entail for Germany as business location? When it comes to these topics, people in Nuremberg's pedestrian zone are rather worried.

Passer-by: How will European governments react to the run from eastern European employees and employers?

Ingo Friedrich, Vice-president of the European Parliament:

The governments have limited this trend for the next seven years.

As employees need to get a special work permit, just as normal seasonal workers have had to, in order to be able to work here.

Passer-by: How will the EU make sure that Polish employees will have to pay the same taxes we do?

Friedrich: It will take some time until we will be able to ensure this. However, the tax systems will have to be adjusted at some point. Mounting pressure has already led to the fact that, for example, in Austria corporation tax has been cut considerably. That is to say that Germany will soon have to reduce its taxes gradually in order to assimilate and narrow the gap. We just have to hope that Poland will have to increase its taxes in order to balance its budget.

Passer-by: I would like to know whether the new member countries ..., which negative effects, they would have on our labour market?

Passer-by: Especially, as we have four million unemployed people and this number keeps increasing every month.

Friedrich: Unemployment is not a problem that stems from the enlargement to the East and will have only a small effect of, let's say, one or two percent, on our unemployment rate. We have to fight unemployment with measures that have to be discussed anyway, such as the reduction of non-wage labour costs, higher flexibility and we might have to work one or two hours more a week in order to make our products and services more compatible, thus creating more jobs and avoid losing our customers to so-called "cheap-labour business locations".

Passer-by: The EU enlargement to the East is already a fact – so what do you think: Will we be able to ensure employment here in Germany or is there now a higher risk of companies moving away thus rising Germany's unemployment rate even further?

Friedrich: You can't ban that. But the reverse trend would not be right either. There have even been discussions about encouraging German companies to move away. That would be wrong as well. Instead it should be as followed: If a company has no choice but can only ensure the well-being and the "overall performance" of a company as far as facts, figures and data is concerned, by moving away, it should not be kept from doing exactly that. We just have to make sure that Germany will become more attractive for companies as business location. And other than that, we just have to wait and hope – and I am talking from experience – that the third phase of the EU enlargement to the East will start, that is to say that the customers from the new member countries will entail rising demand for our products. Fortunately, this trend has already started. Export from Bavaria and Germany to the ten new member countries has already exceeded export to America. And we have to build up on this trend. That is on what we count in the future.