

Germany's Chemical Industry: IGBCCE Agrees to a Cut in Real Wages

Dietmar Gaisenkersting
1 April 2026

In the third round of negotiations, the German mining and chemical union IGBCCE (Industrial Union of Mining, Chemistry, and Energy) reached an agreement with BAVC (German Federation of Chemical Employers' Associations) on real wage cuts for the 585,000 employees in the chemical and pharmaceutical industry nationwide in Germany.

The agreement reached in Bad Breisig (Eifel region of the German state of North Rhine-Westphalia) initially imposes a nine-month wage freeze. Wages will not increase until January 2027, when they will rise by 2.1%, followed by a 2.4% increase in January 2028. The old collective bargaining agreement expired at the end of February; the new one has a term of 27 months, running through May 2028.

Given the explosion in energy prices and the rising inflation rate resulting from the war of aggression against Iran, these modest nominal wage and salary increases represent a significant decline in real wages. Currently, the official inflation rate in Germany is still at 2.1%, but even the most optimistic forecasts predict an increase of 2.5% to 2.6% in the coming year. If rising energy prices also affect goods and services, the inflation rate will be much higher.

The IGBCCE, which has always been among the most business-friendly unions, did not even put forward a concrete wage demand in the negotiations due to the crisis threatening the profits of industrial conglomerates. Led by Chairman Michael Vassiliadis, the union leadership claimed it wanted to secure wages through an increase just above inflation, but the final agreement exposes this as a fraud.

This is also evidenced by the special payments agreed upon by the corporations—300 euros per employee for each of the years 2026 and 2027—into the so-called Demographic Fund, which the IGBCCE and the corporations agreed upon in 2008 and established in 2010.

Since then, the companies have been paying 750 euros per employee into the fund annually.

The IGBCCE claims that the payments serve to secure employment. In fact, the fund, much like a social collective bargaining agreement, serves to finance job cuts through partial retirement, continuing education, and similar measures. It is a fund with which companies finance “securing the company’s location, retraining, or reduced working hours,” as the IGBCCE writes. That was the goal from the start: to support chemical companies under pressure and to ensure the “socially acceptable”—i.e., smooth—elimination of jobs.

Orders for the chemical industry from both domestic and international markets have plummeted by more than 20 percent since 2021. “Every second company has too few orders,” explained Markus Steilemann, President of the German Chemical Industry Association (VCI), at the end of 2025. The production facilities of Germany’s third-largest industrial sector—after the automotive and mechanical engineering industries—are operating at only 70 percent capacity. This represents “a historic low and is far from profitability.”

Since then, the decline has accelerated. The war in Iran threatens corporate profits because the industry is heavily impacted by rising energy prices. It consumes large amounts of oil and gas, and these raw materials are also used as feedstocks for products such as fertilizers, plastics, medicines, solvents, and cosmetics.

The corporations are responding to the sales and revenue crisis by announcing massive job cuts. According to the IGBCCE, a total of 40,000 to 50,000 jobs are at risk.

BASF, the world’s largest chemical company by revenue, has already cut around 4,800 jobs worldwide between late 2023 and early 2026. At its main site in Ludwigshafen, Germany, 1,000 jobs were already cut last year, and now further cuts are planned in production, service, research, and at headquarters. Plants are being

shut down and the IT department is also being restructured.

Evonik plans to cut 2,000 jobs worldwide, approximately 1,500 of them in Germany. The cuts will primarily affect administration and management, with the aim of reducing costs by 400 million euro annually.

Bayer AG has already cut over 900 jobs alone in Leverkusen, Germany. Around 200 jobs will be eliminated in Dormagen. The Frankfurt/Main site will be completely shut down.

Lanxess has announced plans to cut nearly 1,000 jobs worldwide, with a large portion (approximately 550) in North Rhine-Westphalia, particularly at the Cologne and Leverkusen sites.

Wacker is cutting 1,500 jobs. **Covestro** has not provided specific figures but has announced job cuts to reduce costs. The company may be facing a takeover by Adnoc.

At the end of 2025, the Belgian company **Domo Chemicals** filed for bankruptcy for three of its German subsidiaries, including two in the East German chemical triangle of Leuna-Schkopau-Bitterfeld with around 500 employees. According to a report in *Wirtschaftswoche*, a sale of the company to another investor by the end of March is considered unlikely.

However, if the Domo facilities are shut down, other companies in the Leuna Chemical Park could also face difficulties. The companies in the Chemical Triangle rely on one another. The Leuna Chemical Park is currently home to 100 companies with 15,000 employees.

At the beginning of December, the U.S. company **Dow Chemical** announced that it would close its plants in Böhlen, Saxony, and its chlor-alkali and vinyl facilities in Schkopau due to high energy and raw material costs. This is expected to result in the loss of 550 jobs.

In the pharmaceutical industry, which is also covered by the recently concluded collective bargaining agreement, production grew by three percent last year and revenue by 4.5 percent. These companies, which are faring better, can “voluntarily bring forward” the wage increases, as the IGBCE emphasizes.

With this collective bargaining agreement, the IGBCE is siding with the chemical and pharmaceutical corporations against its own members. Matthias Bürk, the companies’ chief negotiator, praised the long term of the agreement, saying it gives firms a great deal of planning security. Furthermore, employers will not begin paying until 2027—“and that under crisis-appropriate conditions.”

But even the responsible union bureaucrats openly

admit that this collective bargaining agreement serves the corporations and not the employees. “We went to the breaking point for this crisis agreement,” said IGBCE Chairman Vassiliadis. The economic developments of recent years have taken a toll on both the industry and its employees. The war in Iran has further exacerbated the situation for both sides. “Finding an agreement that does justice to all parties involved in such a complicated situation was a major challenge.”

However, the collective bargaining agreement does not serve the interests of all parties involved, but only those of the companies. Vassiliadis made this clear: “One thing is certain: with this collective bargaining outcome, employees are making an upfront investment—to secure their jobs and to promote greater investment in Germany.” Now others must also deliver: “the federal government with the Chemical Industry Agenda 2045, and employers with an investment offensive to sustainably strengthen the local industry’s position.”

The IGBCE has long been a union in name only. It organized the last major industry-wide strike in the chemical industry in 1971, 55 years ago (!). Since then, it has organized only warning strikes and similar protest actions involving a few hundred workers, as in the current round of collective bargaining. These actions have absolutely nothing to do with a struggle for decent wages, good working conditions, secure pensions, and the defense of threatened jobs.

The collective bargaining agreement proves once again that IGBCE officials and their works councils in the companies act as henchmen for corporate boards and implement their directives in the interests of shareholders. The bureaucracy does not serve the workers.

To combat the constant erosion of real wages and ongoing job cuts, grassroots organizations formed by workers themselves, genuine strikes, and solidarity across plant and company boundaries are essential. This must be achieved by establishing rank-and-file committees in every plant operating independently of the union bureaucracy, exchange information, and build regional and international solidarity. Anyone who agrees with this should fill out the form below or send a message via WhatsApp to +491633378340.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact