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German food union proposes 5% to 7% wage demands for 2027 talks

The guidance covers industries employing about 2.6 million people and signals higher labor costs for food makers and hospitality employers

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Germany’s Food, Beverages and Catering Union, known as NGG, said on Wednesday, November 25, that it will recommend wage demands of 5% to 7% for 2027 collective bargaining talks, signaling that labor costs could rise across the country’s food manufacturing and hospitality industries if union negotiators follow that guidance.

The recommendation, approved by the union’s executive board, is not a final pay deal. NGG said it is setting guidelines for its bargaining committees, which will still decide the exact demands and the wider content of each negotiation round. The union also said it wants agreements to run for 12 months, apprenticeship pay to rise by at least €80 a month in each training year, and starting wages under collective agreements to be no lower than €15.40 gross an hour.

Freddy Adjan, NGG’s deputy chair, said the proposal is meant to protect purchasing power, pass on productivity gains and produce what the union sees as a fairer distribution of economic output. NGG based its position on an expected 2027 inflation rate of 2.9% and projected productivity growth of 1.3%, which together produce what it called a distribution-neutral margin of 4.2%. The union’s recommended wage range is above that level because it wants workers to share more strongly in economic growth and to offset pressure from higher health and long-term care insurance contributions, as well as other price increases it said are driven by government action.

NGG said it believes parts of the German food industry are economically strong enough to absorb meaningful wage increases. The union represents workers in food manufacturing, bakeries, butcher shops, hotels and restaurants. It described the food industry as Germany’s fourth-largest industrial sector, with more than 600,000 employees, while the hospitality sector employs about 2 million people.

The recommendation is especially relevant for employers tied to drinks production and sales, even though the announcement was framed broadly around food and hospitality. Beverage makers and companies that sell beer, wine and spirits through restaurants, bars, hotels and canteens could face added pressure on labor costs and operating margins if upcoming bargaining rounds produce larger wage settlements. That may be particularly important in Germany’s hospitality trade, a major channel for beverage consumption.

NGG said labor shortages are also shaping its approach. More than one-quarter of employees in the sectors it covers are older than 55, according to the union, a sign of an aging workforce that could deepen recruitment problems in the coming years. Adjan said companies that want to attract skilled workers and keep apprentices need to offer better pay. The union argues that stronger wage agreements can support domestic demand as well as workers' incomes.

The union said catch-up is still needed in hotels, restaurants, system catering, workplace catering and parts of the food trades, where it believes even stronger increases may be necessary to provide wages that protect against poverty. NGG also said collective agreement pay scales must keep a meaningful gap above Germany's statutory minimum wage, which is due to rise to €14.60 in January 2027, if negotiated agreements are to remain attractive to workers and employers.

Beyond pay, NGG used the announcement to criticize Germany's broader labor market framework. It said collective bargaining coverage has continued to decline and remains too low. Four years after the EU minimum wage directive took effect, Germany still has collective bargaining coverage of only 49%, the union said, well below the European target of 80%. NGG said the federal government's measures so far have not been enough to reverse that trend.

The guidance sets the tone for 2027 negotiations in industries that touch a large share of German consumer spending, from packaged foods to restaurants and hotels. Whether the final demands land at the lower or upper end of the 5% to 7% range will be decided later by the relevant bargaining committees, which can also add non-pay demands on working conditions.