Germany to open its doors as labor shortages hit businesses

Vast cohorts of older employees go into retirement

BERLIN: An apprenticeship at a steelmaker brought Steven Maillot from the French island of Reunion in the Indian Ocean to Eisenhuettenstadt in Germany, a stone's throw from the Polish border.

Better pay and better job prospects were the deciding factors for Maillot—a relief for ArcelorMittal, where the group's Germany chief Reiner Blaschek acknowledged that attracting young trainees like the 23-year-old is becoming "increasingly difficult". A shortage of skilled workers has become a major headache for businesses in Europe's largest economy, as vast cohorts of older employees go into retirement. Chancellor Olaf Scholz's government is battling to find an answer to the challenge of Germany's rapidly ageing population.

Just under two million job posts were unfilled at the end of 2022 in Germany, according to the federal Institute for Employment Research (IAB). Job seekers from the European Union, like Maillot, can already work in Germany with no additional visa hurdles, but even the pool of human resource is insufficient. On Wednesday, Scholz's cabinet is due to discuss a draft bill aimed at easing immigration rules to attract more workers from further afield to the country.

Making the most out of the workers already in Germany would "not be enough" to fill the gap, Scholz told parliament earlier this month. "We will also attract urgently needed workers by opening up legal migration channels," he said. The bill will create a new points-based system for qualified people hoping to obtain visas for Germany, with criteria to include the ability to speak German, job qualifications and age.

Trainee challenge

The model city of Eisenhuettenstadt, built under socialism to serve the steelworks, is a far cry from Reunion. "For my career development, I have to stay here," Maillot told AFP at the plant, admitting that he misses his home. Each year around 50 new trainees join a program with ArcelorMittal in Eisenhuettenstadt, where the steel group employs 2,700 people. Most already live locally but there are "some who make the journey from further afield", Blaschek said.

Finding new workers is particularly hard in eastern Germany, thanks to lower incomes than in the west and a reputation for being less welcoming to outsiders. Nonetheless, the challenge of finding skilled workers—or willing trainees—is one faced by businesses across the country and in all sectors of the economy, according to the economic think tank Ifo. Around 44 percent of companies surveyed by the think tank said they had been affected by labor shortages, according to the most recent figures for January. As Germany ages, more and more employees are retiring, while it has become harder to back-fill roles with new apprentices.

The acute situation has seen Scholz encourage workers not to take early retirement, and companies experiment with the use of robots in new fields, such as elderly care.

Green challenge

The right training was important to stop "young people slipping through our fingers", labor minister Hubertus Heil noted on a visit to ArcelorMittal where he met trainees. Besides confronting the worker shortage problem, in a polluting industry like steel, the challenge in the next decade will also be the transformation to greener technologies. A lack of skilled workers could "hamper important transformation tasks like electromobility or renewable energies", the deputy head of the German chambers of commerce (DIHK) Achim Dercks warned earlier this year.

EISENHUETTENSTADT, Germany: This file photo taken on April 25, 2019 shows trainees practicing filing steel cylinders at steel manufacturing giant Arcelor-Mittal's Eko Stahl steelworks's training center in Eisenhuettenstadt, eastern Germany. — AFP

ArcelorMittal plans to replace a fossil fuel-burning blast furnace at the east German site with a new unit powered by hydrogen and electricity by the end of 2026. The switch to greener production processes will see some jobs fall away, while creating new ones that will need to be filled. "We have a technological change ahead of us that is massive," Blaschek said on a tour of the group's training centre. "If we want to convert our facilities in the next four years, then we have to start changing our training now." —AFP

Gulf Bank to organize 'Nuqsat Al-Khamees' for 3rd consecutive year

KUWAIT: For the third consecutive year, and as part of its various community events and initiatives during the holy month of Ramadan, Gulf Bank is organizing "Nuqsat Al-Khamees", in collaboration with several Kuwaiti restaurants and bakeries, starting Thursday, 30 March 2023.

The Assistant Manager of Corporate Communications at Gulf Bank, Abdullah Al-Mulaifi said, "We are keen to organize "Nuqsat Al-Khamees" annually to revive this authentic Kuwaiti tradition, and to enhance our communication with the community throughout the holy month of Ramadan. This also helps to support local SMEs by marketing their products." He added: "We have developed "Nuqsat Al-Khamees" using its simple, original form, which is based on distributing simple home-food dishes to family, neighbors, and friends – spreading the spirit of connection, love, and cooperation within the community."

Abdullah Al-Mulaifi

Al-Mulaifi stated that Gulf Bank helps SMEs to further distribute their products to the public, which enables their restaurants and bakeries to reach new segments of customers and help increase their growth and expansion. He mentioned that this initiative is one of Gulf Bank's charitable events during the holy month of Ramadan, which reflects the Bank's involvement with the community over the last sixty years, and its integral part in Kuwait's economic and social history.

He also indicated that Gulf Bank continues its strong commitment to sustainability programs on social, economic, and environmental levels – through carefully selected initiatives that benefit the Bank and society; of which also fall in line with the United Nations Sustainable Development Goals and Kuwait Vision 2035. Gulf Bank's vision is to be the leading Kuwaiti Bank of the Future. The bank is constantly engaging and empowering its employees as part of an inclusive and diversified workplace in recognition of every employee's role in delivering customer excellence and serving the community at large. With its extensive network of branches and innovative digital services, Gulf Bank is able to give its customers the choice of how and where to conduct their banking transactions, all while ensuring a simple and seamless banking experience.

Gulf Bank is committed to maintaining robust developments in sustainability at environmental, social and governance levels through diverse sustainability initiatives, strategically selected to benefit the Bank both internally and externally. Gulf Bank supports Kuwait Vision 2035 "New Kuwait" and works with various parties to achieve it.

German consumer morale rises but at slower pace

BERLIN: German consumer morale rose again heading into April, a key survey showed Wednesday, but the pace of improvement slowed as concerns about high inflation weighed on Europe's top economy. Pollster GfK said its forward-looking survey of around 2,000 people climbed 1.1 points to reach minus 29.5 points, the sixth consecutive monthly increase.

Relief that energy prices are falling, after surging sharply last year following Russia's invasion of Ukraine, was helping to boost the reading, Gfk said. But overall the consumer climate remained "very low", said GfK consumer expert Rolf Buerkl. "Inflation will remain high this year," he said. "The expected loss of purchasing power will prevent a sustained recovery of domestic demand."

The survey found that respondents were more optimistic about their income prospects but, for the first time for several months, they were slightly more pessimistic about the broader economy. Germany has seen a wave of strikes recently by workers demanding pay rises to keep up with inflation, including a major walkout Monday that caused transport disruption across the country.

The outbreak of the Ukraine war and Russia's move to slash gas exports sent food and energy costs soaring in Germany, which had long relied on cheap Russian energy imports. But Berlin rolled out relief measures, helping to ease fears of a sharp downturn, and the government now expects the economy to eke out growth for 2023 as a whole. Some economists, however, still expect the economy may fall into a short, sharp recession at the start of this year.

After plunging last year, many economic indicators have been recovering in recent months on signs Germany has weathered the Ukraine war fallout better than feared. However, concerns about a banking sector crisis have hit markets and are adding new uncertainty. Last week, the closely-watched ZEW investor confidence survey fell for the first time in six months due to the turbulence. — AFP

Senegal's gold rush brings hope and despair

BANTAKOKOUTA, Senegal: Mohamed Bayoh climbed into the deep, pitch-black hole, hoping to emerge with a nugget that would change his life. The 26-year-old Guinean is one of thousands of West Africans who have flocked to remote eastern Senegal in search of gold.

The rush for the precious metal has dramatically transformed Bantakokouta, a town on the borders of Mali and Guinea. The locals numbered just a few dozen two decades ago, now there are several thousand on the back of a floating population of dream-seekers and risk-takers with gold in their eyes.

Over time, their ant-like labor has left the landscape looking like a Swiss cheese. As far as the eye can see, through the pervasive dusty mist, small huddled groups protected from the sun by makeshift branch shelters haul up spoil scratched from the ground. Women sit nearby, sorting the rocks into two mounds—a big one for the discards and a much smaller one for the promising samples.

The same scenes are played out every day, with no guarantee of any success. "Working here is like playing the lottery, you are never sure of winning," sighed Bayoh, who said he was nonetheless determined to stay put until he gets rich. Other sites in the gold-rich region have been taken over by mining corporations, sometimes triggering land disputes with local people.

BANTAKOKOUTA, Senegal: An artisanal gold miner digs at the Bantakokouta gold mine. Bantakokouta has the second largest artisanal gold mining sites in southeastern Senegal, close to the border of Mali. —AFP

But in Bantakokouta, informal mining has been allowed to carry on. Diggers stay typically stay for a few months—sometimes just days—to chance their arm, hoping for a lucky strike that will enable them to send money home or start a business. Bayoh was clear in his objective: to "find a lot of gold," he said.

"Not a little... a lot. To start another life in Guinea." After six months' grueling work, he had earned enough to buy two motorbikes. One gram (0.03 of an ounce) of gold—roughly equivalent to 60 grains of rice—brings in 30,000 CFA francs, or about $48.

But the risks facing miners are many, from fatal falls and cuts and landslips to use of drugs to dull aches and pains, said Diba Keita, head of a community vigilance committee. — AFP

Gold prices drop as banking crisis concerns ease

KUWAIT: Gold prices dropped on Wednesday as easing worries over a potential fallout from the global banking crisis boosted appetite for riskier assets and dampened demand for the safe-haven metal. Spot gold was trading 0.33 per cent lower at $1,965.42 per ounce as of 8.40 am Kuwait time on Wednesday.

"We've seen a natural retracement ... gold is pulling back after a failed 'bid' to break above $1,975," said Matt Simpson, a senior market analyst at City Index. But some investors "still seem to be holding onto gold 'just in case' there's another skeleton or two lurking in the closet," he said and that gold might catch another bid heading into the European session.

Alex Kuptsikevich, a senior market analyst at the FxPro, said the yellow metal stormed $2,000 twice last week, but both attempts failed to consolidate above this significant round level. The double correction since the previous week clears the way to the upside but does not signal that gold is in trouble. "The momentum of gold's rally from the lows of the eighth pushed it up by over $200 at its peak, creating a short-term overbought situation. Last week, the brief touch below $1,940 was too quick and impulsive to pave the way for upward movement," he said. — Agencies

UBS-Credit Suisse merger carries 'huge' risk: Chairman

GENEVA: The UBS takeover of Credit Suisse comes with a huge amount of risk, UBS chairman Colm Kelleher admitted Wednesday after announcing Sergio Ermotti would return as CEO to handle the merger. Ermotti was the chief executive of Switzerland's biggest bank from 2011 to 2020 and Kelleher said the board felt he would be a "better pilot" than current CEO Ralph Hamers to oversee the transition.

"There's a huge amount of risk in integrating these businesses," Kelleher told a press conference in Zurich. UBS and Credit Suisse, the second-biggest bank in Switzerland, were both among the select banks around the world considered to be global systemically important financial institutions (G-SIFIs).

Kelleher said it was "the biggest single financial transaction" since the 2008 global financial crisis.

"I would argue it's bigger than any deal that was done in 2008, because it's the first time two G-SIFIs have merged. That brings with it significant execution risk," he said. "I cannot re-emphasize how big this deal is in terms of financial history and financial engineering." The shotgun marriage of UBS and Credit Suisse was hastily arranged by the Swiss government on March 19 to prevent a global financial meltdown following fears of contagion from the collapse of banks in the United States.

Kelleher said there were clearly parts of Credit Suisse that had a "bad culture", primarily in its investment banking, and he did not want to import that into UBS—though he said its retail banking and wealth management were "probably really quite clean". "Investors, our shareholders, by and large, see significant upsides in this transaction," he explained. "But they are very concerned about execution risk and we have a lot of execution risk here, so this is not in any way an easy deal to do," the chairman said on reasons behind the change of CEOs.

Ermotti will take up his post on April 5, with Hamers continuing on for a transition period. "It was the opinion of the board that for this massive integration exercise, Sergio would be the better pilot for this next voyage of UBS," said Kelleher. Ermotti said he felt the "call of duty" to return.

ZURICH, Switzerland: (From left) UBS Chairman Colm Kelleher, outgoing UBS CEO Ralph Hamers and newly appointed UBS CEO Sergio Ermotti leaves a press conference in Zurich on March 29, 2023. — AFP

"The debate is not too big to fail, rather it's too small to survive, and we want to be a winner out of this," he said. —AFP