

PRESS RELEASE

Supporting structural change and developing future prospects for affected regions

- Structural change is accelerating. In the future, it will also affect regions that have had a stable industry composition and were economically successful.
- Targeted regional economic policy can support the transformation process, offer particularly disadvantaged regions prospects for the future, and thus also improve social acceptance of structural change.
- Structural change is reshaping occupations and qualification requirements. Early and lifelong training is necessary to support the transition to new professional activities.

Berlin, 21.05.2025 – Structural change in Germany is accelerating and will also affect regions that have had a stable industry composition and were economically successful. Regions which have specialised in knowledge-intensive manufacturing industries such as the automotive sector or the chemical industry will be particularly affected. Economic policy should support the necessary adjustments through general measures to promote growth as well as specific measures that open up new prospects for regions that are particularly negatively affected.

Structural change will accelerate in the coming years. This development will be driven by changes in international economic relations, which result from the latest trade conflicts, decarbonisation, digitalisation and the rapid development of artificial intelligence as well as demographic change. Economic policy can support the transformation through industrial, structural, and labour market policy measures, thereby reducing difficulties in adapting to the new realities and promoting growth.

An active structural policy should focus on supporting the ongoing transformation instead of preserving jobs or industries that are not viable in the long term. In order to prepare regions for structural change at an early stage, economic policy should proactively promote investment, for example in digital infrastructure, modern transport links and research facilities that benefit companies in all sectors of the economy. Regions that could be affected by high unemployment in the short term should be supported by specific funding measures in order to prevent them from decoupling from the country's economic development.

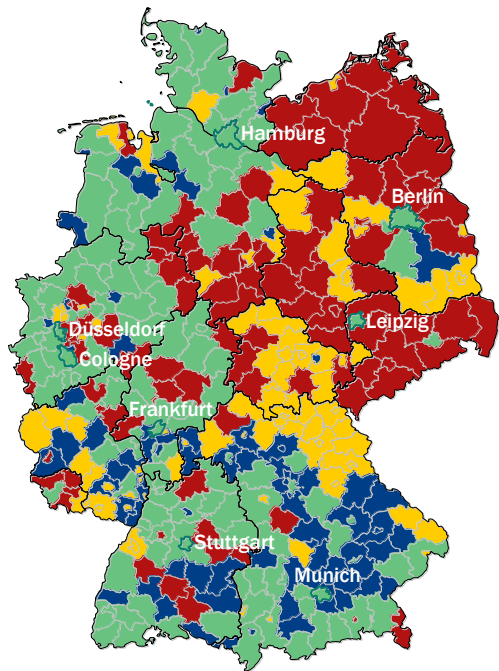
“An economic policy that focuses on stopping structural change by use of subsidies cannot be successful in the long term. Instead, the aim must be to facilitate adaptation to the new circumstances and actively enable new business models,” says Monika Schnitzer, chair of the GCEE. “Social acceptance of structural change depends crucially on whether it is possible to create future prospects for particularly affected and disadvantaged regions and workers.”

Structural change is reshaping the landscape of occupations and areas of work, creating demand for new qualifications. New occupations are emerging, while existing occupations are becoming less important. To mitigate the risk of unemployment in the wake of

structural change, individuals must be equipped with the necessary qualifications in anticipation of these evolving requirements. Especially in the affected regions, occupational and geographical labour mobility must be facilitated. Participation in continuous training or re-training must be encouraged in order to preserve employability. Supra-regional labour market hubs could increase the geographical mobility of employees.

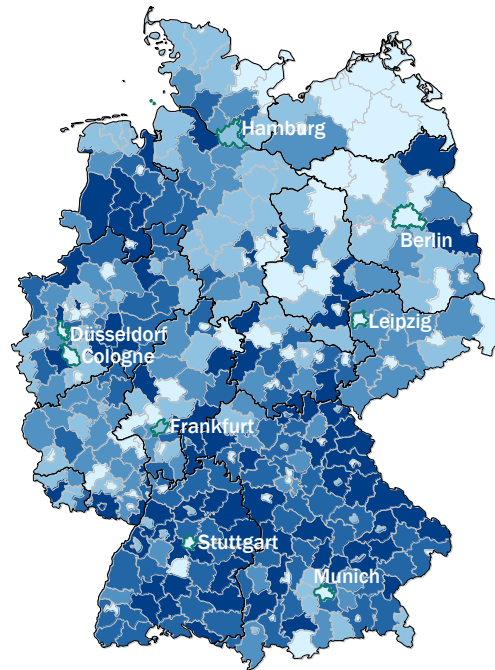
Structural change: current and foreseeable impact on regions

Structural change and employment growth¹
for the years 1999 to 2023



- High structural change and high employment growth
- Little structural change, but high employment growth
- Little structural change and low employment growth
- High structural change and low employment growth

Regional exposure to the drivers²



- Quintiles:
- 0 to ≤ 20
 - > 20 to ≤ 40
 - > 40 to ≤ 60
 - > 60 to ≤ 80
 - > 80

1 – The map shows district types according to Findeisen and Südekum (2008) in relation to their employment growth and the rate of change in the economic structure measured as the average annual excess churning rate. This rate measures the change in the composition of economic sectors in a region, measured by the employment structure, relative to the change in total employment in that region. Employment growth can also be negative. Data basis: Number of employees subject to social insurance contributions by economic sector (3-digit), according to the Classification of Economic activities, 2008 edition (WZ 2008), per district or independent city and year (1999 to 2023). 2 – The map shows the exposure to all drivers, measured as the sum of standardised indicators, in quintile groups.

Sources: BA, BACI database CEPII, Federal Agency for Cartography and Geodesy, Frey and Osborne (2017), Webb (2020), own calculations
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