Labour Hire Opportunities and Regulation in Germany

Germany is one of the largest and most dynamic markets in the European Union, attracting companies from various countries, including Latvia. According to data from the Central Statistical Bureau, at the beginning of **2024**, Germany ranked third among Latvia's main export partners. Although these figures mainly relate to exports of goods, the services sector, for example information technology and labour hire services, is also becoming increasingly important.

Germany has long experienced a shortage of specialists and workers in many sectors, ranging from crafts and manufacturing to healthcare and construction. The German Federal Ministry for Economic Affairs and Climate Action has indicated that this trend will continue in the future, taking into account demographic changes, the development of digitalisation, and the transition to a green economy. In order to address the labour shortage, Germany has introduced a new law on the immigration of skilled workers (**Fachkräfteeinwanderungsgesetz**), which is gradually entering into force until **June 2024**. This regulation facilitates the entry of qualified workers from non-EU countries and simplifies the visa application procedure.

These changes also create new opportunities for foreign companies wishing to provide labour hire services in the German market.

Legal Regulation of Labour Hire in Germany

Labour hire is a type of business activity in which a company temporarily assigns its employees to other companies. In Germany, this field is strictly regulated by the **Arbeitnehmerüberlassungsgesetz**, which provides that labour hire requires a special licence issued by the German Employment Agency. This licence may also be obtained by foreign companies, not only those registered in Germany, but an appropriate permit must first be obtained in their country of establishment. In Latvia, licences are issued by the State Employment Agency.

It should be noted that providing labour hire services without a licence is prohibited, and in such a case an employment relationship for an indefinite period is automatically deemed to have been established between the employee and the hirer. In addition, labour hire is not permitted in all sectors in Germany, for example, this practice is restricted in the construction sector. There is also a maximum period for which an employee may be hired out to one company, and this may not exceed **18 months**. In accordance with the law, hired-out employees must be provided with the same working conditions and remuneration as the company's permanent employees. It is prohibited to hire out self-employed persons or persons who are not employees of the company under an employment contract.

Services of NJORD Law Office

ZAB NJORD SIA is an international law firm with offices in several Nordic and Baltic countries, including Latvia, Lithuania, Estonia, and Denmark. Our team consists of more than **200** specialists, a large proportion of whom are lawyers with experience in international matters.

We provide comprehensive legal support for obtaining a labour hire licence in both Latvia and Germany, and we also prepare the necessary documents, including employment contracts, cooperation agreements, and others, in compliance with the requirements of the laws and regulations of both countries. We assist with the submission of documents to the competent authorities and represent clients in communications with them.

For additional information, please contact the Head of our German Practice, Attorney at Law / **Rechtsanwältin** Zane Ozola (zo@njordlaw.lv), or visit our website, **njordlaw.com**.

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