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Doing Business in Germany

Market Overview

The German economy is the fifth largest in the world and accounts for one-fifth of the European Union’s GDP. Germany is the United States’ largest European trading partner and the sixth largest market for U.S. exports. Germany’s "social market" economy largely follows market principles, but with a considerable degree of government regulation and wide-ranging social welfare programs.

Germany is the largest consumer market in the European Union with a population of 82.4 million. The significance of the German marketplace goes well beyond its borders. An enormous volume of trade in Germany is conducted at some of the world’s largest trade events, such as MEDICA, the Hannover Fair, Automechanika, and the ITB Tourism Show. The volume of trade, number of consumers and Germany’s geographic location at the center of the European Union make it a cornerstone around which many U.S. firms seek to build their European and worldwide expansion strategies.

As of April 2019, the German government and economic forecasters expect between 0.5% - 0.8% GDP growth for 2019. However, all forecasters expect a rebound of the German economy in the second half of 2019 and up to 1.5% GDP growth in 2020, a number which many analysts consider Germany’s long-term growth potential (c. 1.5%/year). Demand has begun to shift from exports to consumption and investment, which are projected to remain the main driving force for growth in the near-term. Despite budget surpluses and strong corporate profitability, investment (other than construction) remains somewhat subdued.

Employment in Germany has continued to rise for the thirteenth consecutive year and reached an all-time high of 44.8 million in 2018, an increase of 562,000 (or 1.3%) from 2017—the highest level since German reunification in October 1990.

Unemployment dropped by half since its peak in 2005, and in 2018 reached the lowest average annual value in almost three decades. The number of unemployed stood at 2.34 million in 2018, down 193,000 from 2017, with an average unemployment rate of 5.2% (down 0.5 percentage points compared to 2018), according to official government statistics. Using internationally comparable data from the European Union’s statistical office Eurostat, Germany had an average annual unemployment rate of 3.4 percent in 2018, the second lowest rate in the European Union (EU). Germany’s national youth unemployment rate was at 6.2 percent in 2018 - the lowest in the EU.

Demographic changes and resulting labor bottlenecks, regulation of the labor market, and higher energy prices due to the phase-out of nuclear energy in favor of renewable sources ("Energy Transition") are seen as factors that could dampen competitiveness. Experts also fear that international trade tensions and Brexit might substantially hurt the export-oriented German economy. Despite these fears, no economic institute currently foresees stagnation or true recession and many actually view growth rates of around 1.5% rather as “a return to normal” after an interim boom.

Market Challenges

German policy poses relatively few formal barriers to U.S. trade or investment, apart from barriers associated with EU law and regulations. Germany has pressed the EU Commission to reduce regulatory burdens and promote innovation to increase EU member states’ competitiveness. Germany’s acceptance of the EU's Common Agricultural Policy and German restrictions on biotech agricultural products pose obstacles for key U.S. products. While not overtly discriminatory, government regulation by virtue of its complexity may offer a degree of protection to established local suppliers. Zealous application of safety and environmental standards can complicate access to the market for U.S. products. American companies interested in exporting to Germany should make sure they know which standards apply to their product and obtain timely testing and certification.
Compliance with German standards is especially relevant to U.S. exporters, as EU-wide standards are often based on existing German standards.

**Market Opportunities**

For U.S. companies, the German market - the largest in the EU - continues to be attractive in numerous sectors and remains an important element of any comprehensive export strategy to Europe. While U.S. investors must reckon with a relatively higher cost of doing business in Germany, they can count on high levels of productivity, a highly skilled labor force, quality engineering, good infrastructure and a location in the center of Europe.

**Market Entry Strategy**

The most successful market entrants are those that offer innovative products featuring high quality and modern styling. Germans are responsive to innovative high-tech U.S. products, such as computers, computer software, electronic components, health care and medical devices, synthetic materials and automotive technology. While Germany possesses an above-average Internet penetration rate within the EU for private households, high-speed internet access for business is only average (although expanding such access is a priority of the current government). Multimedia, high-tech and service areas offer great potential. Certain agricultural products also represent good export prospects for U.S. producers. In many cases, price is not the overriding factor for German buyers, but instead quality and reliability.

The German market is decentralized and diverse, with interests and tastes differing from one German region to another. Successful market strategies take into account regional differences as part of a strong national market presence. Experienced representation is a major asset to any market strategy, given that the primary competitors for most American products are domestic firms with established presences. U.S. firms can overcome such stiff competition by offering high-quality products and services at competitive prices, and locally based after-sales support. For investors, Germany’s relatively high marginal tax rates and complicated tax laws may constitute an obstacle, although deductions, allowances and write-offs help to move effective tax rates to internationally competitive levels.
Political Environment

The Department of State provides background information on the political and economic environment of Germany.
Selling US Products & Services

Using an Agent to Sell US Products and Services

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with EU laws and member state national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. The Directive establishes the rights and obligations of the principal and its agents, the agent's remuneration, and the conclusion and termination of an agency contract. It also establishes the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that according to the Directive, parties may not derogate from certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link: Self Employed Commercial Agents

The European Commission’s Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of “vertical agreements.” U.S. small- and medium-sized companies (SMEs) are often exempt from these regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of impacting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized. The EU has additionally indicated that agreements that affect less than 10 percent of a particular market are generally exempted (Commission Notice 2014/C 291/01).

Key Link: European Law

The EU also looks to combat payment delays. Directive 2011/7/EU covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. Directive 2011/7/EU entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of eight percent above the European Central Bank rate) as well as 40 Euro as compensation for recovery of costs. For business-to-business transactions a 60-day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link: Late Payments

Companies’ agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights. In addition, SOLVIT, a network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

Key Links:

- European Ombudsman
- EU Solvit
Establishing an Office

Anyone can open an office in Germany - irrespective of nationality or place of residence. There is no specific investment legislation in Germany, nor is there a minimum percentage of German shareholdings required for foreigners. Investors can choose the most suitable legal form; i.e., a corporation, a partnership or conduct business via a German branch office.

Foreign companies with a head office and registered business operations outside of Germany can establish a German branch office. This business form is suitable for a foreign company wishing to establish a presence in Germany for the purpose of initiating business and maintaining contacts with business partners.

For more information see below:

Investment Guide

Data Privacy and Protection

The EU General Data Protection Regulation (GDPR), which governs how personal data of individuals in the EU may be processed and transferred, went into effect on May 25, 2018. GDPR is a comprehensive privacy legislation that applies across sectors and to companies of all sizes. It replaces the Data Protection Directive 1995/46. The overall objectives of the measures are the same – laying down the rules for the protection of personal data and for the movement of data.

GDPR is broad in scope and uses broad definitions. “Personal data” is any information that relates to an identified or identifiable living individual (data subject) such as a name, email address, tax ID number, online identifier, etc. “Processing” data includes actions such as collecting, recording, storing and transferring data.

A company that is not established in the Union may have to comply with the Regulation when processing personal data of EU and EEA residents (EEA countries are Norway, Lichtenstein and Switzerland):

a) If the company offers goods or services to data subjects in the EU; or,

b) If the company is monitoring data subjects’ behavior taking place within the EU.

The mere accessibility of a company’s website in the EU is insufficient to subject a company to GDPR, but other evidence of the intent to offer goods or services in the EU would be relevant.

As a general rule, companies that are not established in the EU but that are subject to GDPR must designate in writing an EU representative for purposes of GDPR compliance. There is an exception to this requirement for small scale, occasional processing of non-sensitive data.

Fines in case of non-compliance can reach up to 4% of the annual worldwide revenue or 20 million euros – whichever is higher. Companies of all sizes and sectors should consider GDPR as part of their overall compliance effort with assistance of legal counsel.

The European Commission and Data Protection Authorities are releasing official guidelines to help companies with their compliance process. These documents relate, for instance, to the role of the data protection officer, personal data breach notification, data protection impact assessment.

Note: the EU is currently updating its e-privacy legislation governing confidentiality of communications. This legislative instrument once enacted will add several requirements in addition to the GDPR. We encourage U.S. exporters to monitor this situation as it evolves through the EU legislative process.

For more information:

Full GDPR text
European Commission guidance:
https://edpb.europa.eu/edpb_en

Transferring Customer Data to Countries outside the EU

The General Data Protection Regulation (GDPR) provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders.

GDPR sets out obligations on data controllers (those in charge of deciding what personal data is collected and how/why it is processed), on data processors (those who act on behalf of the controller) and gives rights to data subjects (the individuals to whom the data relates). These rules were designed to provide a high level of privacy protection for personal data and were complemented by measures to ensure the protection is maintained when data leaves the region, whether it is transferred to controllers, processors or to third parties (e.g. subcontractors). EU legislators put restrictions on transfers of personal data outside of the EU, specifying that such data could only be exported if “adequate protection” is provided.

The European Commission (EC) is responsible for assessing whether a country outside the EU has a legal framework that provides enough protection for it to issue an “adequacy finding” to that country. The U.S. has never sought to be found adequate by the EC. This means that U.S. companies can only receive personal data from the EU if they:

- Join the EU-U.S. Privacy Shield program, or
- Provide appropriate safeguards (e.g. contractual clauses, binding corporate rules), or,
- Refer to one of the GDPR’s derogations,

For more information, consult the European Commission’s webpage on data transfers outside the EU

Important note:

The legal environment for data transfers to the United States continues to evolve. Companies that transfer EU citizen data to the United States as part of a commercial transaction should consult with an attorney, who specializes in EU data privacy law, to determine what options may be available for a transaction.

About the EU-U.S. Privacy Shield

The EU-U.S. Privacy Shield Framework was designed by the U.S. Department of Commerce and the European Commission to provide companies on both sides of the Atlantic with a mechanism to comply with EU data protection requirements when transferring personal data from the European Union to the United States in support of transatlantic commerce.

For more information on the EU-U.S. Privacy Shield

For more information about other mechanisms of transfer, please refer to:
https://www.export.gov/article?id=European-Union-Transferring-Personal-Data-From-the-EU-to-the-US
**Cybersecurity**


The European Network and Information Systems (NIS) Security Directive, applicable since 2016, sets a minimum baseline of requirements to ensure better protection of critical infrastructures in Europe. The legislation sets basic principles for Member States for common minimum capacity building and strategic cooperation. It also directs operators of essential services (OES) and digital service providers (DSP) to ensure they apply basic common security requirements.

DSPs are broadly defined to include: online/e-commerce marketplace (including app stores); online search engine (with the exclusion of search function limited to a specific website); and Cloud computing services. NIS systems are considered the e-communications network, connected devices and digital data. Among obligations for both OES and DSP are, to take technical and organizational measures to NIS risk management; to prevent and minimize the impact of NIS security incidents; to notify, without undue delay, incidents having a significant impact on the continuity of the essential services they provide.

More information on the legislation:


More information on the state of play of transposition in Member States:


Cybersecurity Act

The EU adopted the Cybersecurity Act in March 2019 to set up a mechanism to develop voluntary EU certification schemes for ICT security products, processes and services. The Cybersecurity Act does not set out requirements in details but lays out elements that should be in any given scheme to provide assurance on security requirements for all ICT products, services and processes. The areas that would benefit from certification schemes will either be proposed by the European Commission through an annual work program or by stakeholder group. Product manufacturers and service providers are encouraged to monitor the development of these schemes.

More information:


**Franchising**

U.S. businesses looking to franchise within the European Union will likely find that the market is quite robust and friendly to franchise systems in general. There are a number of laws that govern the operation of franchises within the EU, but these laws are fairly broad and generally do not constrain the competitive position of U.S. businesses. The potential franchiser should take care to look not only at the EU regulations, but also at the local laws concerning franchising. More information on specific legislation can be found on the website of the European Franchise Federation.
**Direct Marketing**

The EU has yet to adopt legislation harmonizing the direct-selling of consumer products. However, there is a wide-range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce. In addition, it is important for exporters relying on a direct-selling business model to ensure they comply with member state requirements.

**Processing Customer Data**

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the Data Privacy section above.

**Distance Selling Rules**

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - "the Consumer Rights Directive". The provisions of this Directive have been in force since June 13, 2014. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts. It also regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes.

The EU also adopted in March 2019 a set of two directives which govern EU-wide contract rules for the online sales of goods and the supply of digital content and services.

[More information.](#)

**Alternative Dispute Resolution**

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. A specific Online Dispute Resolution Regulation, operational in January 2016, sets up an EU-wide online platform to handle consumer disputes that arise from online transactions.

**Key Links:**

- [Consumer Affairs Homepage](#)
- [Consumer Rights](#)

**Distance Selling of Financial Services**

Financial services are the subject of a separate directive that came into force in June 2002 (2002/65/EC). This piece of legislation amended three prior existing Directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

**Key Link:** [Distance Marketing](#)

**Direct Marketing over the Internet**

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify...
for them have to be clear and easily accessible. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment: this is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below). The European Commission has performed a stakeholder’s consultation and is currently assessing the opportunity to propose a revision of the e-commerce Directive. See Data Privacy Section above.

Key Link: Direct Marketing over the Internet

Germany

Most German enterprises use direct marketing to sell their products and services. The most frequently used formats are email and Internet marketing, telephone marketing, direct mail and inserts in publications. It is important to know the pitfalls of using direct marketing as a selling tool in Germany. Data protection and privacy laws are stringent, and consumer protection guidelines and competitive advertising are also highly regulated. Companies should consult with a lawyer before raising, storing or processing any sort of data in Germany. Other potential challenges regard the laws pertaining to unfair competition and rebates.

Joint Ventures/Licensing

Dealing with joint ventures ranks among the most difficult jobs under German competition law. In Germany, joint venture legislation falls under the purview of the Federal Cartel Office (Bundeskartellamt). The law requires that a joint venture must exercise “genuine entrepreneurial” activities. Under German law, this means:

- Organizations which merely carry out auxiliary functions such as purchasing or distribution on behalf of the parents are not considered joint ventures; and
- JVs must have at their disposal sufficient assets and personnel to carry out their activities.

The Bundeskartellamt is required to prohibit a merger if it is, "expected to create or strengthen a dominant position.” Market dominance is defined as an undertaking which either has no competitors or is not exposed to any substantial competition or has a paramount market position in relation to its competitors.

Licensing

German antitrust law does not, in the absence of a dominant market position, restrict the owner’s freedom to use her/his industrial property rights, including the exploitation of a patented innovation.

Selling to the Government

Selling to German government entities is not an easy process. German government procurement is formally non-discriminatory and compliant with the WTO Government Procurement Agreement (GPA) and EU-wide legislation under the EU Public Procurement Directives. That said, it is a major challenge to compete head-to-head with major German or other EU suppliers who have established long-term ties with purchasing entities.

EU Legislation

Government procurement in Europe is governed by both international obligations under the WTO Government Procurement Agreement (GPA) and EU-wide legislation under the EU Public Procurement Directives. U.S.-based companies are allowed to bid on public tenders covered by the GPA, while European subsidiaries of U.S. companies may bid on all public procurement contracts covered by the EU Directives in the European Union.
The EU directives on public procurement have been revised and legislation on concession has also been adopted. Member States were required to transpose the provisions of the new directives by April 16, 2016. The four relevant directives:

- **Directive 2014/24/EU** (replacing Directive 2004/18/EC) on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts applies to the general sector;
- **Directive 2014/25/EU** (replacing Directive 2004/17/EC) coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors;
- **Directive 2009/81/EC** on defense and sensitive security procurement. This Directive sets Community rules for the procurement of arms, munitions and war material (plus related works and services) for defense purposes, but also for the procurement of sensitive supplies, works and services for non-military security purposes;
- **Directive 2014/23/EU** on the award of concession contracts. A concession contract (either for the delivery of works or services) is conducted between a public authority and a private enterprise that gives the right to the company to build infrastructure and operate businesses that would normally fall within the jurisdiction of the public authority (e.g. highways).

The EU has three remedy directives imposing common standards for all Member States to abide by in case bidders identify discriminatory public procurement practices.

Electronic versions of the procurement documentation must be available through an internet URL immediately upon publication of the Official Journal of the European Union (OJEU) contract notice. Full electronic communication (with some exceptions) are mandatory for all public contracts since October 2018. Central purchasing bodies are required to publish their contracts and requests for tenders since April 2017.

Electronic invoicing (e-invoicing) was introduced beginning of the 3rd quarter of 2018, based on the requirement set forth in **Directive 2014/55/EU**. The Directive makes the receipt and processing of electronic invoices in public procurement obligatory. Standards for e-invoicing are being developed by the European Committee for Standardization (CEN).

There are restrictions for U.S. suppliers in the EU utilities sector, both in the EU Utilities Directive and in EU coverage of the GPA. Article 85 of Directive 2014/25 allows EU contracting authorities to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50 percent or give preference to the EU bid if prices are equivalent (meaning within a three percent margin). Moreover, the Directive allows EU contracting authorities to retain the right to suspend or restrict the award of service contract to undertakings in third countries where no reciprocal access is granted.

There are also restrictions in the EU coverage of the GPA that apply specifically to U.S.-based companies. U.S. companies are not allowed to bid on works and services contracts procured by sub-central public contracting authorities in the following sectors:

- Water sector
- Airport services
- Urban transport sector as described above, and railways in general
- Dredging services and procurement related to shipbuilding

**Distribution & Sales Channels**

*Germany*
Distribution channels are varied and similar to the United States. There are certain restrictions, however, concerning multi-level networking systems, i.e., so-called snowball or pyramid distribution systems. More information can be found [here](#).

**Express Delivery**

Most international express delivery companies are active in Germany. Large players include DHL and Hermes (both headquartered in Germany), FedEx and UPS. These companies ship domestically and internationally, provide a wide range of delivery options and prices and have grown significantly as a result of e-commerce. The German express delivery industry had 238,600 employees in 2018 and more than 3.5 billion packages were shipped.

**Selling Factors & Techniques**

Success in the German market, as elsewhere around the world, requires long-term commitment to market development and sales backup, especially if U.S. companies are to overcome the geographic handicap with respect to European competitors. Germans at times perceive U.S. suppliers as tending to process a U.S. domestic order before taking care of an export sale, or being quick to bypass a local distributor to deal directly with its customer. Some German entrepreneurs with selective experience with U.S. companies are skeptical about their long-term commitment and after-sales support. U.S. firms entering Germany today are generally aware of the factors that make for a successful export relationship and are ready to establish a credible support network. However, U.S. firms should be ready to address any lingering doubts from prospective German clients/partners.

**eCommerce**

**EU Legislation**

In 2015, the European Union launched an ambitious overhaul (the so-called Digital Single Market Strategy) of policy and legislation relevant to the digital economy. The overall objective was to bring down barriers, regulatory or otherwise, and to unlock online opportunities in Europe. E-commerce was a priority area, to ensure better access for consumers and businesses to online goods and services across Europe and to remove key differences between the online and offline worlds.

New pieces of legislation have been adopted to facilitate cross-border portability of online content services, increase transparency of cross-border parcel delivery, and update and harmonize contract rules for online sales of goods and supply of digital content and services. For more information: [Digital Single Market](#)

The Electronic Commerce Directive (2000/31/EC) provides rules for online services in the EU. It requires providers to abide by rules in the country where they are established (country of origin). Online providers must respect consumer protection rules such as indicating contact details on their website, and clearly identifying advertising and protecting against spam. The Directive also grants exemptions to liability for intermediaries that transmit illegal content by third parties and for unknowingly hosting content.

Comprehensive Market Research on e-commerce in the EU is available upon request.

Key Link: [eCommerce](#)

**eCommerce in Germany**

Germany has one of the largest e-commerce markets in Europe. The number of e-commerce consumers, internet penetration and average spent per year is above the European average. In 2018 total sales are estimated to have reached USD 109.8 billion, which is a 10% growth compared to 2017. The estimated average
spent online per person per year is USD 867. In 2018, Germany had an online population of 72.2 million people who were aged 15 and older.

German clients are rather risk-averse and expect high quality products. By law, consumers have the right to return online purchases within 14 days without explanation, and there is indeed a high product return rate. Websites and online stores are expected to be in German language.

The most popular products purchased online include clothing, electronics, tickets and books. 87% of the German population uses social media with Facebook, YouTube and Instagram being the most popular tools, thereby rendering social media a valuable marketing tool.

**Popular eCommerce Sites**

According to statistics from 2018, the ten largest online retailers in Germany are: Amazon (USD 12,868 million), Otto (USD 3,555 million), Zalando (USD 2,296 million), MediaMarkt (USD 959 million), Notebooksbilliger.de (USD 918 million), Lidl (USD 823 million), Bonprix (USD 702 million), Cyberport (USD 626 million), Alternate (USD 586 million), Conrad (USD 580 million).

**Online Payment**

Data from the Ecommerce Foundation shows that PayPal is the most popular method of online payment in Germany (52 percent of Internet users), followed by invoice (26 percent), debit or credit cards (12 percent), direct debiting (6 percent) and cash on delivery (1 percent). Online customers have the right to cancel orders and return goods or services within 14 days, for any reason and with no justification. As a result, Germany is known for its high return rate, particularly in the fashion industry.

**Mobile eCommerce**

The strong e-commerce market in Germany can be attributed to the considerable proportion of the population who own smartphones (nearly 80 percent). In 2017, retail sales conducted via mobile devices in Germany were worth an estimated USD 24 billion, 35 percent of this coming from retail e-commerce sales, with clothing, books, electronics and tickets being the most commonly purchased items. This growth is likely to continue as retailers improve their mobile websites and provide even more convenient ways of shopping on mobile devices.

**Value Added Tax (VAT)**

The EU’s VAT system is semi-harmonized. While the guidelines are set out at EU level, the implementation of VAT policy is the prerogative of Member States. The EU VAT Directive allows Member States to apply a minimum 17 percent VAT rate. However, they may apply reduced rates for specific goods and services or temporary derogations. Therefore, the examination of VAT rates by Member State is strongly recommended. These and other rules are laid out in the VAT Directive.

The EU applies Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU-based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. From 1 January 2015, all supplies of telecommunications, broadcasting and electronic services are taxable at the place where the customer resides. In the case of businesses this means either the country where it is registered or the country where it has fixed premises receiving the service. In the case of consumers, it is where they are registered, have their permanent address, or usually live.

As part of the legislative changes of 2015, the Commission launched the Mini One Stop Shop (MOSS) scheme, the use of which is optional. It is meant to facilitate the sales of ESS from taxable to non-taxable persons (B2C) located in Member States in which the sellers do not have an establishment to account for the VAT. In 2021, this service will be extended to cover online sales of goods and services other than ESS.
This (optional) plan allows taxable persons (sellers) to avoid registering in each Member State of consumption. A taxable person who is registered for the Mini One Stop Shop in a Member State (the Member State of Identification) can electronically submit quarterly Mini One Stop Shop VAT returns detailing supplies of ESS or other to non-taxable persons in other Member States (the Member State(s) of consumption), along with the VAT due. The most important pieces of legislation on VAT are the EU VAT Directive 2006/112/EC, as amended, and its Implementing Regulation 282/2011, as amended.

Further information relating to VAT on ESS:

**VAT in Germany**

The standard VAT rate in Germany is 19 percent (below the European average). A reduced 7 percent VAT rate applies to some consumer goods and everyday services (food, newspapers, local public transport, hotel stays). Some services (such as bank and health services or community work) are VAT exempt.

Vendors who are not established in the European Union and who make sales that are subject to German VAT must register for tax purposes in Germany. The tax office Bonn-Innenstadt (Service@FA-5205.fin-nrw.de) is responsible for assessing and collecting VAT for U.S. vendors who are not established in Germany.

Under certain conditions international travelers can receive VAT refunds if they are not a resident of the European Union: Tax-free shopping

**Trade Promotion & Advertising**

**Trade Fairs**

Few countries in the world can match Germany when it comes to leading international trade fairs. Such a reputation should be no surprise given that the trade fair concept was born in Germany during the Middle Ages. Today, Germany hosts a major world-class trade event in virtually every industry sector, attracting buyers from around the world. Trade fairs thrive in Germany because they are true business events where contracts are negotiated and deals are consummated. U.S. exhibitors at German fairs should be prepared to take full advantage of the business opportunities presented at these events. While U.S. exhibitors and visitors can conclude transactions, all attendees can use major German trade fairs to conduct market research, see what their worldwide competition is doing, and test pricing strategies. Finally, German fairs attract buyers from throughout the world, allowing U.S. exhibitors to conduct business here with buyers from across Europe, Asia, Africa, Latin America, the Middle East, as well as with other U.S. companies.

German trade fairs, in general, attract impressive numbers of visitors and exhibitors. This reality confirms the conviction that there is no other venue where an American company can get so much product exposure for its marketing dollar. Trade fairs also provide a U.S. company interested in entering Germany with the opportunity to research its market and the potential of its product properly before making a business decision.

**Advertising**

In addition to exhibiting at major German trade fairs, advertising plays a central role in most companies' broad-based marketing programs. Regulation of advertising in Germany is a mix between basic rules and voluntary guidelines developed by the major industry associations. The “Law Against Unfair Competition” established legal rules at the beginning of the 20th Century. Although it has been modified over time, this law continues to be valid today. The law allows suits to be brought if advertising "violates accepted mores."

Many advertising practices that are common in the United States, such as offering premiums, are not allowed in Germany. Any planned advertising campaigns should be discussed with a potential business partner or an advertising agency in Germany. The German association of advertising agencies can be found online.
There are numerous technical or specialized periodicals and websites that deal with all aspects of technology and doing business in Germany. In addition, Germany has a well-developed array of newspapers and magazines which offer the opportunity to gather information and advertise products and services.

**General EU Legislation**

Laws against misleading advertisements differ widely from member state to member state within the EU. To respond to this issue in the internal market, the Commission adopted a directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." Member States can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services of a competitor." Member States can, and in some cases have, restricted misleading or comparative advertising.

The EU’s Audiovisual Media Services Directive (AMSD) lays down legislation on broadcasting activities allowed within the EU. Since 2009, the rules allowing for U.S.-style product placement on television and the three-hour/day maximum of advertising has been lifted. However, a 12-minute/hour maximum remains. The AMSD is currently under revision. The European Commission is aiming to extend the scope of the Directive to video-sharing platforms which tag and organize the content. The Commission is also aiming to provide more flexibility about the 12-minute/hour maximum restriction. Children’s programming is subject to a code of conduct that includes a limit on junk food advertising to children. Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are considered as legally binding on the seller.

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten consumer protection rules. These rules outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

**Key Links:**

- [Misleading Advertising](#)
- [Unfair Commercial Practices Directive](#)
- [Audio video Media Services](#)
- [Medicines](#)

**Medicines:**

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC, as amended by Directive 2004/27/EC. The advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label and should encourage rational use of the product. The advertising of medicinal products destined for
professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a medicinal product are prohibited, and the supply of free samples is restricted.

Key Link: Health and Medicine

Nutrition & Health Claims:

On July 1, 2007, a regulation on nutrition and health claims entered into force. Regulation 1924/2006 sets EU-wide conditions for the use of nutrition claims such as “low fat” or “high in vitamin C” and health claims such as “helps lower cholesterol.” The regulation applies to any food or drink product produced for human consumption that is marketed in the EU. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) can carry claims. Nutrition and health claims are only allowed on food labels if they are included in one of the EU’s positive lists. Food products carrying claims must comply with the provisions of nutritional labeling Directive 90/496/EC and its amended version Directive 1169/2011.

In December 2012, a list of approved functional health claims went into effect. The list includes generic claims for substances other than botanicals which will be evaluated at a later date. Disease risk reduction claims and claims referring to the health and development of children require an authorization on a case-by-case basis, following the submission of a scientific dossier to the European Food Safety Authority (EFSA). Health claims based on new scientific data will have to be submitted to EFSA for evaluation, but a more simplified authorization procedure has been established.

The development of nutrient profiles, originally scheduled for January 2009, has been delayed. The original proposal has been withdrawn. In October 2015 the European Commission released a new roadmap on the potential development of nutrient profiles and botanicals. To obtain stakeholders’ inputs, two consultations and an external study was launched in mid-2017. The European Commission is now assessing the opportunity to proceed with a proposal and then potentially draft it. Nutrition claims, in place since 2006, can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states, “high sugar content.” A European Union Register of nutrition claims has been established and is updated regularly. Health claims cannot fail any criteria.

Detailed information on the EU’s Nutrition and Health Claims policy can be found on the USEU/FAS website at USEU/FAS website and in the USDA Food and Agricultural Import Regulations and Standards EU 28 2017

Key Link: EU Register of Nutrition and Health Claims

Food Information to Consumers:

In 2015, the EU adopted a new regulation on novel foods (2015/2283) amending the provision of food information to consumers (1169/2011). Novel foods and food ingredients must not present a danger for the consumer or mislead him and should not differ from the ingredients that they are intended to replace to such an extent that normal consumption would represent a nutritional disadvantage for the consumer. It is important to mention that the European Commission may decide, on its own initiative or upon a request by a Member State, by means of implementing acts (a sort of decree), whether or not a particular food falls within the definition of novel food. More information can be found on the Commission’s website. Most provisions of this new Novel Foods Regulation become applicable on January 1, 2018.

Detailed information on the EU’s new food labeling rules can be found on the USEU/FAS website at EU Labelling Requirements and in the USDA Food and Agricultural Import Regulations and Standards EU 28 2017

Key link: Provision on Food Information
Food Supplements:

Directive 2002/46/EC harmonizes the rules on labeling of food supplements and introduces specific rules on vitamins and minerals in food supplements. Ingredients other than vitamins and minerals are still regulated by Member States.

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods. This list was most recently revised in 2014. A positive list of substances other than vitamins and minerals has not been established yet, although it is being developed. Until then, member state laws will govern the use of these substances.

Key Link: Labelling Nutrition Supplements

Tobacco:

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many Member States. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the Audiovisual Media Services Directive. A 2016 revision to the legislation includes the requirement for bigger, double-sided health pictorial warnings on cigarette packages and possibility for plain packaging along with health warnings, tracking systems.

Key link: Tobacco Products

Pricing

German customers are often very price-sensitive. Consequently, price is an important competitive factor, but quality, timely delivery and service remain equally important, especially in B2B relations.

Sales Service/Customer Support

Germany

The German commercial customer expects to be able to pick up the telephone, talk to his or her dealer and have replacement parts or service work immediately available. American exporters should avoid appointing distributors with impossibly large geographic areas, without firm commitments regarding parts inventories or service capabilities, and without agreements on dealer mark-ups.

EU Legislation

Conscious of the discrepancies among Member States in product labeling, language use, legal guarantee and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service and customer support.

Product Liability

Under the 1985 Directive on Liability of Defective Products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim. The first step in the review process of this law was launched at the end of 2016.

Key link: Liability of Defective Products

Product Safety
The 1992 General Product Safety Directive introduced a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU. The legislation is still undergoing review.

Key link: Product Safety Legislation

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

Other issues pertaining to consumers’ rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in the Trade Regulations section of this report.

Key link: Sales and Guarantees

Protecting Intellectual Property

Protecting Your Intellectual Property in the EU:

Several general principles are important for effective protection of intellectual property (“IP”) rights in the EU. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in the EU than in the United States. Third, rights must be registered and enforced in the EU under local laws. For example, your U.S. trademark, design and patent registrations will not protect you in the EU without further registrations in the corresponding regional or local level.

Most copyrighted works created in the US will be automatically protected in the EU since the moment of creation or publication according to international agreements. However, the extension of said protection will vary according to the laws of each EU Member State. Indeed, protection against unauthorized use in a particular country depends, basically, on the national laws of that country.

Obtaining patent grants in the EU is based on a first-to-file basis. Similarly, most trademark and design rights are based on a first-to-file registration system, so you should consider how to obtain patent, design or trademark protection before introducing your products or services to the EU market. It is vital that companies understand that intellectual property rights are primarily private rights and that the U.S. government cannot enforce them for private individuals in the EU. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in EU law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due
to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. government advice be regarded as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the EU require constant attention. Work with legal counsel familiar with the EU laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both EU or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the United States and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit STOP Fakes
- For more information about registering trademarks and patents (both in the United States as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: 1-202-707-5959.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: STOPfakes Business tools. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on Protecting Intellectual Property (at https://www.uscib.org/register-and-apply-ud-859/) and Stopfakes.gov for more resources.

IP Attaché Contact
Due Diligence

Product safety testing and certification is mandatory for the EU market. U.S. manufacturers and sellers of goods have to perform due diligence in accordance with mandatory EU legislation prior to exporting.

Companies interested in taking over German firms should always conduct their own due diligence before entering into business ventures. One of the Commercial Service Programs, the International Company Profile, has been designed to support due diligence processes. All major consulting companies offer due diligence services, and most large U.S. accounting or consulting firms have subsidiaries in Germany.

Local Professional Services

Business service providers active in Germany can be viewed on the website maintained by the Commercial Service at the U.S. Embassy in Germany.

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union.

Principle Business Associations

Bundesverband der Deutschen Industrie e.V. (BDI)  
(Federation of German Industries)
Deutscher Industrie und Handelskammertag (DIHK)  
(Federation of German Chambers of Industry and Commerce)

Bundesverband Grosshandel, Aussenhandel, Dienstleistungen e.V.  
(Federation of German Wholesale, Foreign Trade and Services)
Zentralverband Elektrotechnik- und Eletronikindustrie e.V. (ZVEI)  
(German Electrical and Electronic Manufacturers Association)
Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA)  
(German Association of Machinery and Plant Manufacturers)
Centralvereinigung Deutscher Wirtschaftsverbaende fuer Handelsvermittlung und Vertrieb (CDH) (National Association of German Commercial Agencies and Distributors)

For industry-specific business associations, please visit our leading sectors section, which lists key contacts and resources by industry sector.

Limitations on Selling US Products and Services

We are not aware of any limitations on manufacturing or service sectors that prohibit non-Germans from owning or selling these businesses in Germany.

Web Resources

EU websites:


Agreements of Minor importance which do not appreciably restrict Competition under Article 101(1) of the Treaty establishing the European Community
Directive on Late Payment
European Ombudsman
EU’s Data Protection Directive (95/46/EC)
EU’s General Data Protection Regulation (GDPR) (2016/676/EC)
Information on contracts for transferring data outside the EU
EU-U.S. Privacy Shield
EU Data Protection Home page
Consumer Rights Directive
Distance Selling of Financial Services
E-commerce Directive (2000/31/EC)
The Unfair Commercial Practices Directive /
Nutrition and Health claims made on foods- Regulation 1924/2006
Regulation on Food Information to Consumers
EU-28 FAIRS EU Country Report on Food and Labeling requirements
Health & Nutrition Claims
Tobacco Policy
Product Liability
Product Safety
Legal Warranties and After-Sales Service
Copyright
European Patent Office (EPO)
EU Intellectual Property Office (EUIPO)
World Intellectual Property Organization (WIPO) Madrid
U.S. websites:
IPR Toolkit
EU Public Procurement
Local Professional Services

Contacts in Germany
Federal Ministry of Economics and Technology
Bundesministerium fuer Wirtschaft & Technologie
Germany Trade and Invest
Country Market Research Firms

It would exceed the scope of this guide to list even only the major market research or consultant companies. Most of these firms belong to one or both of the following associations and can be contacted through these:

**Bundesverband Deutscher Unternehmensberater e.V.** (BDU)  
(Federal Association of German Consultants)

**Arbeitskreis Deutscher Markt- und Sozialforschungsinstitute e.V.** (ADM)  
(Business Association for German market and social research)

Country Commercial Banks

There are numerous domestic and foreign banks represented in Germany; among the largest German institutions are:

- Deutsche Bank AG
- DZ BANK
- Commerzbank AG
- Deutsche Postbank AG

U.S. Embassy Trade Personnel

United States Embassy, Berlin  
Commercial Service

U.S. Consulates:

- Dusseldorf  
  Commercial Service
- Frankfurt/Main  
  Commercial Service
- Hamburg  
- Leipzig
- Munich  
  Commercial Service

Washington-based Contacts

U.S. Department of Commerce, International Trade Administration

U.S. Department of State

USDA - Foreign Agricultural Service, Agricultural Export Services Division. The website has trade and production statistics, exporter assistance information, marketing information, trade policy news and links to the attaché reports.

U.S. Department of the Treasury
Office of the U.S. Trade Representative

U.S.-based Multipliers

German Missions in the United States

CMA - German Agricultural Marketing Board, North American Office

German American Chamber of Commerce, Inc. (Headquarters)

Representative of German Industry and Trade

Other Contacts

U.S. Commercial Service Germany's trade specialists can help you identify trade opportunities, find local trading partners, launch your company and obtain market research reports.

U.S. Government Export Portal

As EU member states harmonize their regulations and increase their economic integration, a direct connection to the U.S. Commercial Service at the U.S. Mission to the European Union can be the key to success in the EU market.

American Chamber of Commerce in Germany

Association of American German Business Clubs e.V.

American German Business Club Berlin

The Foreign Agricultural Service website has trade and production statistics, exporter assistance information, marketing information, trade policy news and links to the attaché reports.

Agricultural Affairs Office
American Embassy/Berlin
Clayallee 170
14191 Berlin, Germany
Tel: +49 30 8305-1150
Email: Agberlin@usda.gov

The Office of Agricultural Affairs at the U.S. Mission to the European Union has a very comprehensive website on EU food laws, import requirements and duties and quotas.

Statistical data on trade between the United States and Germany can be found online.

The Deutsche Bundesbank (Germany's central bank) provides information and key indicators on Germany's economy.
Leading Sectors for US Exports & Investments

Agricultural Sector

Overview

Germany is the second largest importer and third largest exporter of consumer oriented agricultural products worldwide, and by far the most important European market for foreign producers. The retail market's key characteristics are consolidation, market saturation, strong competition and low prices. Germany is an attractive and cost-efficient location in the center of the EU. While many consumers are very price sensitive, the market also provides many wealthy consumers who follow value-for-money concepts. These consumers are looking for premium quality products and are willing to pay a higher price. Germany still has the lowest food prices in Europe, and German citizens spend less than 11% of their income on food and beverages. Low food prices are a result of high competition between discounters and the grocery retail sale segment.

Key market drivers and consumption trends

- Fair trade and organic products have become more important on the German grocery market. Germany is the second largest organic market in the world (behind the U.S.) and presents good prospects for exporters of organic products (for more information, please see the GAIN report: Opportunities for U.S. Organics in German Market).
- Ageing population and increased health consciousness of consumers is fueling the demand for health and wellness products, as well as functional food products.
- Increasingly high-paced society and the rising number of single households are driving the demand for convenient ready-to-eat meals, desserts and baking mixes.
- Ethnic foods, beauty and super foods, clean label foods, “free from” products (e.g. gluten or lactose free) and locally grown products are further trends that attract more and more German consumers.
- An increasing share of consumers view their purchasing decision as a political or life-style statement (no GMO, only free-range eggs, vegetarian or vegan diet).
- Consumers increasingly require traceability and information about production methods.
- Germany remains a price-focused market, but the share of consumers who are willing to pay for quality increases.

Leading Sub-Sectors

Tree Nuts

The category of tree nuts includes almonds, pistachios, pecans, hazelnuts and walnuts. Germany does not produce significant quantities of these products, and supply therefore comes primarily from imports. The United States is the largest supplier of tree nuts to Germany. The leading competitor for the United States in the German tree nut market is Turkey. Many U.S. agricultural associations actively promote their products in Germany, including the Almond Board of California, California Pistachio Commission and the California Walnut Commission. Most tree nuts are used as ingredients by the food processing sector. Almonds are the most important commodity within this category. Further products with good sales potential include walnuts, pistachios, and pecans.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Local Production</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Exports</td>
<td>1,171</td>
<td>1,194</td>
<td>1,282</td>
<td>1,100</td>
</tr>
</tbody>
</table>
Fishery Products

Fish and fishery products enjoy growing popularity in Germany. The German market offers lucrative opportunities for fish and seafood products. Fish consumption is growing as consumers associate fishery products with a healthy diet. The best prospects for U.S. seafood exports are salmon, shrimps, crabs, caviar substitutes, cuttlefish and squid, sea urchin, catfish, lobster and scallops. The two most important U.S. fishery export products to Germany are Alaska Pollock and salmon by value.

<table>
<thead>
<tr>
<th>in million USD</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Local Production</td>
<td>2,315</td>
<td>2,400</td>
<td>2,534</td>
<td>2,600</td>
</tr>
<tr>
<td>Total Exports</td>
<td>2,448</td>
<td>2,534</td>
<td>2,566</td>
<td>2,600</td>
</tr>
<tr>
<td>Total Imports</td>
<td>5,302</td>
<td>5,570</td>
<td>5,662</td>
<td>5,750</td>
</tr>
<tr>
<td>Imports from the US</td>
<td>198</td>
<td>211</td>
<td>185</td>
<td>200</td>
</tr>
<tr>
<td>Total Market Size</td>
<td>5,169</td>
<td>5,427</td>
<td>5,630</td>
<td>5,750</td>
</tr>
</tbody>
</table>

Source: Global Trade Atlas query dated April 26, 2019

Wine

Germany is the world’s largest importer of wine by volume and third largest by value. In 2018, German wine imports were valued at more than USD 3.1 billion. Italy, France and Spain are the leading suppliers of wine to Germany with a combined import market share of 78%. U.S. wines, together with other “new-world” wines, have developed an increasingly good reputation for quality in the German market. In 2018, the value of Germany’s imports of U.S. wines totaled USD 45 million.

<table>
<thead>
<tr>
<th>in million liters</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Local Production</td>
<td>901</td>
<td>746</td>
<td>1027</td>
<td>900</td>
</tr>
<tr>
<td>Total Exports</td>
<td>362</td>
<td>384</td>
<td>372</td>
<td>380</td>
</tr>
<tr>
<td>Total Imports</td>
<td>1,485</td>
<td>1,529</td>
<td>1,465</td>
<td>1,400</td>
</tr>
<tr>
<td>Imports from the US</td>
<td>40</td>
<td>36</td>
<td>25</td>
<td>27</td>
</tr>
<tr>
<td>Total Market Size</td>
<td>2,024</td>
<td>1,891</td>
<td>2,120</td>
<td>1,920</td>
</tr>
</tbody>
</table>

German production data is only available on a volume basis; therefore, this table is in liters

Sources: German Office of Statistics (German production)
Global Trade Atlas (trade) query dated April 24, 2019

Pet Food
Germany is one of the leading countries for pet ownership in the world. Germans are willing to pay a premium to properly feed their pets, and interest in specialty health pet food products is growing rapidly. Most pet foods are produced domestically and the EU requires pet foods to be derived from meat that can be used for human consumption. Despite the bureaucratic obstacles, opportunities for exporting pet food products to Germany are available given the considerable size of the market.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Local Production</td>
<td>3,509</td>
<td>3,588</td>
<td>3,900</td>
<td>3,900</td>
</tr>
<tr>
<td>Total Exports</td>
<td>1,408</td>
<td>1,599</td>
<td>1,850</td>
<td>1,850</td>
</tr>
<tr>
<td>Total Imports</td>
<td>982</td>
<td>1,187</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Total Market Size</td>
<td>3,083</td>
<td>3,176</td>
<td>3,250</td>
<td>3,250</td>
</tr>
</tbody>
</table>

Global Trade Atlas (trade) query dated April 26, 2019

**Web resources**

*Agricultural Attaché Reports*

Attaché reports provide information on market opportunities, crop conditions, new policy developments and information on the German food industry. Some standard reports include: Retail Market Report, Exporter Guide, Food Service Report, and market briefs on wine, seafood and other select products. Attaché reports can be found at [https://gain.fas.usda.gov/Pages/Default.aspx](https://gain.fas.usda.gov/Pages/Default.aspx). In recent years, many of the German reports have been consolidated and are submitted as EU reports. We recommend that companies interested in the German market also review the EU reports.

**U.S. Agricultural Commodity Associations Active in Germany**

A number of U.S. agricultural commodity and other trade associations conduct market development programs in Germany. In some cases, these associations maintain field offices in Germany, while others may have a trade representative or public relations company representing their interests. Others may cover Germany from elsewhere in Europe or from offices in the U.S. The USDA-operated Market Access Program (MAP) and Foreign Market Development program (FMD) provide a portion of the funding for these association’s market development programs. For further information about the MAP and FMD programs or to know more about which associations are active in Germany, please contact the Office of Agricultural Affairs at the U.S. Embassy in Berlin ([http://fas-europe.org/countries/germany/](http://fas-europe.org/countries/germany/)).

**Trade Shows**

In Germany, trade fairs play a key role in presenting new products to the trade or in finding additional buyers and importers. The major international trade fairs are:

- **ANUGA** – the world’s leading food fair for the retail trade and the food service and catering market. It is held every two years in Cologne. Next show: October 5-9, 2019
- **FRUIT LOGISTICA** – the leading show for fruit and vegetables, dried fruits, and nuts. It is held on an annual basis in Berlin. Next show: February 5-7, 2020
**Fish International** – the leading fish and seafood show in Germany. It is held every two years in Bremen. Next show: February 9-11, 2020

**Biofach** – the leading European trade show for organic food and non-food products. It is held on an annual basis in Nuremberg. Next show: February 12-15, 2020

**Prowein** – the leading wine show in Germany. It is held on an annual basis in Dusseldorf. Next show: March 15-17, 2020

**Interzoo** – the world leading pet industry exhibition. It is held every two years in Nuremberg. Next show: May 19-22, 2020

### Aerospace/Defense/Security

**Overview**

Total market size = (total local production + imports) – exports

Aerospace & Defense Market in USD millions (The security market is not reflected in the table but in the written paragraph below.)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Production</td>
<td>41,509</td>
<td>45,188</td>
<td>47,240</td>
<td>46,740</td>
</tr>
<tr>
<td>Total Exports</td>
<td>29,886</td>
<td>33,439</td>
<td>35,902</td>
<td>35,522</td>
</tr>
<tr>
<td>Total Imports</td>
<td>19,810</td>
<td>18,824</td>
<td>18,621</td>
<td>18,462</td>
</tr>
<tr>
<td>Total Market Size</td>
<td>31,433</td>
<td>30,573</td>
<td>29,959</td>
<td>29,680</td>
</tr>
<tr>
<td>US Imports = US Market Share</td>
<td>5,801</td>
<td>6,860</td>
<td>8,917</td>
<td>9,000</td>
</tr>
<tr>
<td>EUR-USD Exchange Rate</td>
<td>1.1069</td>
<td>1.1297</td>
<td>1.1810</td>
<td>1.14 projected</td>
</tr>
</tbody>
</table>

U.S. aerospace & defense manufacturers produce the highest trade surplus of all manufacturing sectors, year after year. According to TradeStats Express - a U.S. Department of Commerce database showing the latest global patterns of U.S. merchandise trade - the 2018 U.S. aerospace exports to Germany amounted to $8.92 billion. The trade surplus was USD 6.36 billion, representing a 67 percent increase over 2016 (USD 3.8 billion). These figures are in stark contrast to the European statistics stating exports of USD 1.49 billion. This is due to a different approach in assessing the sale of sub-systems and components. Aerospace & defense is complemented by homeland security & public safety, an industry spanning across 16 vertical markets with a projected global turnover of more than USD 400 billion in 2019. U.S. manufacturers are well-positioned to benefit from a robust market growth in Western Europe, especially Germany.

Germany hosts the world’s third-largest trade show for aerospace & defense (ILA Berlin Air Show), the world’s largest trade show for aircraft cabin interiors (Aircraft Interiors Expo / AIX) and Europe’s largest trade show for general aviation (AERO), making it an ideal platform for U.S. companies to meet with their global partners and buyers. The major safety & security shows that are relevant for the German market are held in Essen (Security Essen), but also in London (DSEI) and Paris (Milipol).
Leading Sub-Sectors

Germany has the third-largest aerospace & defense market in Europe, with 2018 revenues at USD 47.2 billion, following the UK at GBP 78 or USD 104.2 billion (including land defense systems) and France at USD 77.2 billion. Some three-fourths or USD 35.5 billion of the German production are exported. France received a third of the exports with USD 12.3 billion. Airbus intra-company trade makes up the largest portion of these exports, as part of their geographically dispersed production model with several major sites in Germany and France. The German homeland security & public safety market amounted to USD 20.3 billion in 2017. This figure was published at the "Security Essen" trade show in August 2018. It is slightly higher than the USD 19.2 billion quoted in the previous version of this report. The industry will see steady growth rates until 2020, mostly due to ongoing upgrades of the German internal security and migration enforcement infrastructure and an increased need for security services. The security services market makes up 50 percent of the overall market and grew by 2.5 percent to USD 10.34 billion in 2018.

Aerospace is a German Government priority. The Federal Ministry of Economic Affairs and Energy (BMWi) lists aerospace as a key industry with high growth rates and a strong industrial core in Germany. The revised and updated “2018 Technology Strategy of the German Aerospace Industry” builds on BMWi’s earlier “Aerospace Strategy”, underlining the particular importance of the aerospace sector for Germany as an industrial country both technologically and economically. Besides aiming at increased competitiveness, the aerospace sector promises to make significant contributions to overarching societal goals, especially with regards to climate, noise and environmental protection. Moreover, BMWi has initiated the 6th iteration of the Aerospace Research Program (LuFo)—a grant program for aerospace research and technology projects—in the fall of 2018. Best prospects for U.S. exporters exist in the following segments: commercial aircraft, business jets, turboprops, helicopters, UAVs, structures, propulsion systems, subsystems for aerospace vehicles; military aircraft, air defense systems; spacecraft, launch systems, communications systems; access control, identity management, integrated systems, security services.

The main vertical markets for homeland security & public safety in Germany are airport security, smart borders, telecommunications and critical infrastructure and police modernization.

Policy Objectives and Challenges

U.S. suppliers should be aware of the effects of the U.S. Export Control Reform (ECR) regarding changes to the EAR and ITAR for U.S. aerospace & defense companies. The Commercial Service will continue to support U.S. companies by conducting frequent and active outreach to the Bundeswehr’s Federal Office of Equipment, Information Technology and In-Service Support (BAAINBw) in Koblenz, and following the latest aerospace, defense and security policy developments and discussions in Germany. On an international level, we will gain insight from organizations, such as the Aerospace and Defense Industries Association of Europe (ASD), the U.S. Aerospace Industries Association (AIA) and Homeland Security Research (HSR) in Washington, D.C. to understand their positions on transatlantic trade issues and communicate U.S. objectives.

In a number of recent tenders, the German military and some state police forces have imposed non-ITAR/EAR/PESCO clauses on prospective bidders, asking them to attest that their products do not fall under the respective regimes. This excludes many U.S.-designed and U.S.-made defense-sector goods.

Opportunities

Opportunities include a 4.5 gen fighter jet program for the German Air Force; anti-submarine warfare (ASW) / anti-surface warfare (ASuW) helicopters for the German Navy; exo-atmospheric engagement systems for German F124 frigates; Search and Rescue (SAR) helicopters for the German Federal Armed Forces (Bundeswehr); heavy lift helicopters for the German Army; gas turbines for 4 multi-role combat ships (MKS 180) for the German Navy; Scalable Space Inertial Reference Units (SSIRU-L) for SARah, Germany’s radar
reconnaissance satellite constellation; integrated air and missile defense system (TLVS) for the Bundeswehr; large twin-engine transport helicopters for the German Federal Police; lightning detection services to help support the aviation industry clients of the German Meteorological Office (DWD).

Web Resources

Trade Events

- **DSEI**, London, September 10-13, 2019
- **inter airport Europe**, Munich, October 8-11, 2019
- **Aviation Forum**, Munich, November 5-6, 2019
- **Milipol**, Paris, November 19-22, 2019
- **Aircraft Interiors Expo**, Hamburg, March 31-April 2, 2020
- **AERO**, Friedrichshafen, April 1-4, 2020
- **ILA Berlin Air Show**, Berlin, May 13-17, 2020
- **Farnborough International Airshow**, London, July 20-24, 2020
- **Security Essen**, Essen, September 22-25, 2020

Other Web Resources

- **German Aerospace Industries Association** (BDLI)
- **German Airport Technology & Equipment** (GATE Alliance)
- **HANSE-AEROSPACE e.V.** (Largest independent association of aerospace suppliers and service providers in Germany)
- **ALROUND** (Association of aerospace-oriented SMEs in Germany)
- **German Helicopter Association** (DHU)

Advanced Manufacturing

Overview

Advanced Manufacturing (AM) is the convergence of information and communications technologies with manufacturing processes to drive real-time control of energy, productivity and costs across factories and companies. It was identified as one of the highest-priority manufacturing technology areas in need of federal German investment.

The **OPC Foundation** (Object Linking and Embedding for Process Control) is cooperating with the key German Association, the **VDMA** (German Mechanical Engineering Industry Association). In June 2016, these two parties signed an MOU to build an international standards structure utilizing the OPC UA Machine Vision Companion Specification. This will prepare the machine vision and robotics industry for Industry 4.0 and for the factory of the future, and will help SMEs to implement robotics and machine vision software language with their products.

**Policy Objectives and Challenges**

A major challenge for industry and government is the definition of reference architecture and frameworks necessary for interoperability. They are also challenged with how to build confidence around new and innovative approaches to security. In April 2016, the two major international players, the International Internet Consortium (IIC) and the German-led Industrie 4.0, agreed to collaborate for the benefit of interoperability of systems from the different domains. In Germany, the relevant association, such as the **ZVEI** (The German...
Leading Sub-Sectors

Advanced Manufacturing is believed to provide the best export potential for industries such as Machine Tools/General Industrial Equipment, Robotics, Information and Communication Technology, Process Control Instrumentation and Electronics Industry Production Equipment, Additive Manufacturing and Advanced Materials for the next five to ten years. Through 2025, 84 percent of German manufacturers plan to invest EUR 100 billion or more per year into smart manufacturing technologies, but only 20 percent are already spending money on investments.

Robotics and Automation:

Germany is the fifth largest robot market in the world with about 20,000 industrial robots utilized in various industries each year. The main industries are automotive, electrical and electronics, metal working, chemical rubber and plastics and the food industry. Please note that the data includes the industrial/commercial use of robotics only. The Robotics + Automation Association in Germany represents three industry segments: Robotics, Machine Vision and Integrated Assembly Solutions with combined annual sales of EUR 14 billion in 2017. Sales are expected to grow by 9 percent in 2018 to EUR 15.4 billion. Future topics are the utilization of artificial intelligence, human-robot collaboration, digital transformation in production, and service robotics in the commercial industry.

Additive Manufacturing and Advanced Materials:

Germany is home to Europe's largest advanced materials market. The strong growth of its high-tech industries requires appropriate materials. Depending on the material, growth rates can amount to 10 -15 percent annually. Among the materials sectors with the strongest market potential are composites and particularly additive manufacturing. Formnext, the major European additive manufacturing trade fair, reached a new space record for their show in November 2018. Traditional materials such as chemicals and plastics are expected to reach more moderate but still good growth rates of 3-4 percent in 2018. In 2017, this market segment achieved annual sales of EUR 61 billion. In 2019, the triennial 'K' Show will take place in Dusseldorf, October 16-23. The German chemicals industry is expected to grow an estimated 5.9 percent in 2018, or to approximately EUR 204 billion.

German Machine Tool and Precision Tool Market

The ongoing boom in almost all user industries worldwide had already driven production output to more than EUR 16 billion in 2017. Imports from the USA have been about EUR 120 million for machines and equipment. The capacity utilization was running at about 93 percent, according the German machine tool association. The German market consumption is about EUR 8 billion. The figures for German precision tools industry - whose most important partner is the USA with more than EUR 500 million imports - are similar with a generated increase of 7 percent in 2017 up to EUR 10 billion, and expected production of EUR 11.1 billion in 2018.

Sensors and Instruments:

Sensors and instruments are another growth subsector. In 2015, sales were EUR 125 million, making it the fourth largest purchaser of U.S.-made products in the category. Between 2009 and 2015, sales of these products grew by 8.6 percent annually (CAGR). Major competitors include SICK AG, Siemens Sensor Systems, Bosch Sensortec and Beckhoff Automation. The German industry expects further growth opportunity in 2019, particularly through the industrial automation/internet of things.
Opportunities

Germany's advanced manufacturing companies usually require in-country partners. These partners could be agents and distributors selling to OEMs as final consumers or OEMs as distributors for an exclusively built component. An in-country facility and a membership in one of the German associations is recommended, and many system integrators are often the ideal partner for automation and internet of things products and services.

Challenges & Barriers

Germany maintains a highly open and transparent business environment, and there are few formal market access barriers. Probably the greatest challenge to entering the German market is conforming with German electro-technical standards and conformity assessment procedures, which differ markedly from those in the United States. For most electrical components such as plugs and cables, U.S. and European standards are nonaligned. In practice, this means that for most U.S. machinery makers, the additional labor required to assemble machinery for the German market will affect pricing by inflating the price paid by the customer while decreasing the cost competitiveness compared with domestic and other European-made machines. As part of the European Commission's "Machinery Directive," machinery sold throughout the EU is required to obtain a CE marking whenever the product is covered by specific product legislation. CE stands for "Conformité Européenne," and is intended to demonstrate compliance with European safety and environmental standards.

Web Resources

Trade Events

- Sensor & Test, Nuremberg, June 26-27, 2019
- Motek, Stuttgart, October 7-10, 2019
- Formnext, Frankfurt, November 19-22, 2019
- SPS, Nuremberg, November 26-28, 2019
- Laser World of Photonics, Munich, June 24-27, 2019
- EMO, Hannover, September 16-21, 2019
- productronica, Munich, November 12-15, 2019
- Hannover Fair, April 20-24, 2020
- Automatica, Munich, June 16-19, 2020

German Organizations:

- Bitkom
- Federation of German Scientists
- Verein Deutscher Werkzeugmaschinenfabriken (VDW)
- VDMA
- ZVEI

U.S. Associations:

- AIA – Advancing Vision + Imaging
- Association for Advancing Automation (A3)
- Association for Motorizing Technology (AMT)
- International Federation of Robotics (IFR)
Healthcare

Overview

Germany has a long history of producing high quality medical equipment, with an emphasis on diagnostic imaging, precision medical and dental instruments and optical technologies. Not only is Germany the third-largest market in the world after the United States and Japan, but it is also by far the largest European market, twice the size of the French market and three times as large as those of Italy, the United Kingdom and Spain. The German medical device market ranks no. 1 in Commerce's Top Market Reports.

The Health/Life Sciences (HCT) industry is a priority for both the EU and Germany as reflected in the European Regional Development Fund (ERDF – or EFRE in German) program 2014-2020, as well as the German Länder implementation and tendering of this program. "Horizon Europe", a European Incentive Program for Research and Innovation agreed upon by the EU Council and Parliament and scheduled to begin on Jan. 1, 2021, also has a focus on health and health sector related R&D and innovation. Projects will focus on smart health and aging, rollout of digital models of care and value-based care. All of this aims to increase opportunities for U.S. suppliers to participate in healthcare infrastructure, hospital development projects and partner with German and EU firms. The German healthcare system falls behind in digitalization and digital solutions compared to other EU countries, and the German government is taking steps to mandate progress. This will offer excellent export and partnering opportunities for innovative U.S. health solution providers.

Medical Technologies (MED) is the key sector of the HCT industry. The U.S. is home to the world’s leading medical device manufacturers. One in eight Americans is employed by the U.S. healthcare industry; there are 16 million medical-related jobs, with about $2.7 trillion in profits annually, according to U.S. Bureau of Labor Statistics. Roughly 90 percent of the over 7,000 medical device manufacturers are often export-ready SMEs, and many of the world's largest medical device manufacturers such as GE Healthcare, Medtronic, 3M are U.S.-based. Germany is Europe's largest market for medical devices, accounting for roughly $41 billion annually. Key industry drivers include the power of innovation, a solid financial basis of the industry (80 percent of which are SMEs) and a vibrant startup scene. Within the EU, Germany is the largest importer as well as exporter of medical devices (source: BMI, German MDR report 2018). All major U.S. suppliers, such as GE Healthcare, Johnson & Johnson; Becton Dickinson; Abbvie; Stryker, Zimmer; 3M, McKesson, Cardinal Health, Henry Schein and Medline, to name a few, have subsidiaries in Germany. U.S. medical device exporters continue to hold a 28-30 percent share of the German import market.

Germany has a strong healthcare system, especially with regards to infrastructure, hospital beds and trained staff. In 2017, there were 497,182 beds in 1,942 hospitals (around 560 public hospitals, 662 non-profit and 720 private hospitals) (source: vdek), 1,142 rehabilitation centers (source: destatis.de), and 19,748 pharmacies. Well-established infrastructure makes the healthcare industry the largest employer in Germany with currently 7.3 million employees, 16.6% of the labor market total. One out of six (Source: BMWi) jobs in Germany is linked to the healthcare sector, which generates $413 billion, or roughly 12% of Germany’s gross natural product; and with $149 million, contributes 8.4 percent to Germany’s export total (source: BMWi). The German medical device market grew by 4.2% in 2018 and is expected to continue with 4-6% growth rates through 2021 (BVMed estimate), as the health economy is digitalized and the 2-digit investment backlog in the
hospital market is attacked. Business Monitor even estimates the German medical devices market to grow a 
CAGR of 7.1% between 2018-2023.

**Market Entry and Best Practices**

The German market for medical devices is regulated by German and European Union (EU) directives, 
standards, and safety regulations. The EU Medical Device Regulation (MDR) will take effect on May 26, 2020, 
with increased testing, certification and compliance requirements. The complementary IVD Regulation will 
come into effect in May 2022. U.S. exporters are well-advised to become informed about MDR and obtain public 
or private sector counseling and assistance of the possible impact of their market entry plans into Germany. 
Companies seeking market entry should also carefully map their distribution strategy depending on their 
target group(s). CE marking is mandatory for selling into Europe. Entry strategies to be considered are top-
down or bottom-up marketing, picking the right partners and ensuring patient- and customer-centric system 
solutions and support. Most medical equipment imported into Germany is either sold directly through a local 
subsidiary with a field sales force, through medical distributors with an established distribution network (often 
on a regional/territorial basis) or through appointed agents or manufacturer representatives. Local 
representation or market presence is essential when considering differing standards and certifications, 
warehousing costs, maintenance, accessibility and local marketing/sales preferences/discussions. An agency 
agreement is often a cost-effective mechanism to enter the market, but under German law - even if the agent's 
performance is not satisfactory - it can be difficult and costly to terminate an exclusive arrangement. A representation or distributorship agreement may be more difficult to arrange, but the German associate will, 
in fact, purchase the product to be sold, thus sharing the market risk. Licensing, partnering with large corporate 
partners or buying a local firm provide alternatives in times where traditional distributors are bought up by 
corporates and the market increasingly consolidates. Further information is available in Commerce's Global 
Markets Healthcare Team’s annual Healthcare Resource Guide.

Germany hosts the world's largest annual HCT trade show, MEDICA, making Germany a premier marketplace 
for U.S. companies to reach their global partners and buyers. The U.S. HCT industry, represented by 500+ U.S. 
exhibitors, converge every year for the 4-day long MEDICA trade show to sell to Europe and the rest of the 
world.

*The German Medical Equipment Market 2017-2020 (USD billion)*

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019 (proj.)</th>
<th>2020 (proj.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Size</td>
<td>33.8</td>
<td>35.1</td>
<td>37.5</td>
<td>38.2</td>
</tr>
<tr>
<td>Local Production</td>
<td>33.8</td>
<td>35.1</td>
<td>37.9</td>
<td>38.7</td>
</tr>
<tr>
<td>Imports</td>
<td>23.3</td>
<td>24.2</td>
<td>26.7</td>
<td>28.9</td>
</tr>
<tr>
<td>Exports</td>
<td>23.3</td>
<td>24.2</td>
<td>27.1</td>
<td>29.6</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>6.8</td>
<td>7.3</td>
<td>8.0</td>
<td>8.6</td>
</tr>
</tbody>
</table>

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Spectaris Trade Association; BVMED Trade Association; Eucomed; Statista (German Federal Statistics Office)
General statistics on Germany is available https://www.destatis.de/EN/Homepage.html. This information is published by the German Federal Statistics Office.

**Leading Sub-Sectors**

Leading HCT sectors include: Health IT, pharmaceuticals, dental products, and biotechnology.

**Health IT: The period 2019-2021** will be decisive for Germany to catch up to its EU neighbors on digitalization and electronic patient records and medication management. This should present excellent opportunities for U.S. healthIT providers. HealthIT applications currently represent more than $320 million, with numerous projects throughout Germany and a University Hospital excellency network which drives innovation in key diseases such as stroke, Alzheimer’s, cancer and diabetes. An ageing society (with significant share of chronic disease), rollout of e-health patient portals by public health plan providers and high Internet and mobile phone penetration, make Germany a strong healthIT market and offers valuable potential to specialty solution providers. From 2014 to 2017, revenue in German m-health increased by CAGR 22% (Source: GTAI) and the 2-digit growth is expected to continue.

Germany has an excellent base for healthIT, with over 80 percent of its workforce holding a degree and being a startup-friendly environment. This makes it a very strong market for m-health and e-health products and services. The strong German medical technology clusters develop telehealth and telemedicine solutions and form excellency clusters for oncology, neurological disorders, and chronic disease management in cooperation with hospitals and industry. The German government’s medical informatics initiative aims at improving medical R&D and patient care through innovative IT solutions for specific applications and integrated health data centers. The multi-million-dollar funding resource should pose excellent opportunities for U.S. solutions providers. E-procurement and e-commerce, Machine-to-Machine communication (M2M), mHealth/apps and big data applications are areas of digitalization, in addition to telehealth and telemedicine, with windows of opportunity for U.S. suppliers.

**Pharmaceuticals:** The German pharmaceutical market was valued at USD 60.5 billion in 2017 and remains one of the most attractive worldwide over the coming years. According to a report by GlobalData, the German pharmaceutical market is expected to grow to 67.3 billion EUR by 2021. Major growth drivers are the aging population and chronic diseases. It is regarded as a test market for other EU countries for pricing and distribution. In 2017, the German pharmaceutical industry manufactured products worth EUR 30.6 billion, an increase of 4.7% over the previous year. Exports of pharmaceuticals increased by 6.8%, generating sales of $88.9 billion, while imports were up by 8% to $62.2 billion in the same period.

**Medical Biotechnology:** Germany is Europe’s largest biotechnology market. In 2017, 646 dedicated biotechnology companies generated a turnover of $4.6 billion, and initial estimates for 2018 put the turnover at USD 4.8 billion. R&D spending in the same timeframe registered $1.2 billion. Growth sectors in Germany’s biotech industry remain unchanged and continue to focus on new drug development and diagnostics, such as early disease detection. More than half of Germany’s red biotech companies are in the preclinical stage. Sales of biopharmaceuticals in Germany increased to $11.5 billion in 2017, a growth of 10.3% compared to 2016. Growth was seen in nearly all fields of application, particularly in drugs treating immunological (e.g. rheumatic) diseases and cancer. In-vitro diagnostics are an important growth driver in the market, with more than two-third of all clinical diagnoses being made through IVDs. With more than $2.3 billion in annual revenue, Germany represents the largest IVD market in Europe and second worldwide, behind the USA. Germany’s biotech clusters (aka “BioRegions”) are Europe’s leading research and development hubs, and important partners for industry/academic R&D and technology transfer. Biotech is strong in Bavaria, North Rhine-Westphalia, Baden-Wuerttemberg and the Berlin Brandenburg region. Some of the largest and most reputed clusters are in the Rhine-Neckar Triangle (Heidelberg), Cologne/Dusseldorf, Berlin/Brandenburg and Munich. Biotech is a priority for EU and German Governments and is central to Germany’s economic and innovation
policy. Biotech action plans focus on diagnostics, therapy and preventive medicine in (bio) medical research and care, and research-based medical technologies in specialized clusters. Germany’s participation at BioEurope, and in the world’s leading annual biotech event BIO in the U.S., is of great importance to both sides.

**Dental products:** U.S. exports to Germany amounted to $112 million for dental equipment and supplies, and $49 million for dental laboratory products in 2017. Germany has the biggest dental market in Europe valued at $13.1 billion. Over 200 companies are actively exporting, with heavyweights Henry Schein, Danaher Corp. and Dentsply holding major market share. Germany is Europe’s largest market for dental equipment. Total sales of dental products from 200 VDDI member companies, which employ more than 20,700 people, amounted to $6 billion (+5%) in 2017. The major U.S. dental technology supplier Henry Schein has a subsidiary in Germany and is one of the largest distributors in the German dental market, with annual sales of more than $123 million and an estimated 10% market share. Many U.S. dental technology exporters consider the German market the “test lab” for Europe and make it the first stop for European rollout. Germany hosts the world’s largest biennial dental trade show, IDS, making Germany a premier marketplace for U.S. companies to reach their global partners and buyers. The U.S. dental industry, represented by 200+ U.S. exhibitors, converge every second year for the 4-day long IDS trade show to sell to Europe and the rest of the world. The 2018-2023 CAGR market growth is estimated at 5.8% by BMI research.

**Policy Objectives and Challenges**

The Commercial Service will work with the local MED cluster and their members to evaluate the broad impact of EU and German trade policies such as the MDR or the SPC- Supplementary Protection Certificate for manufacturing pharma on companies in the HCT and Life Sciences sector, with a particular focus on SMEs. We will report major procurement deals and opportunities to U.S. businesses and encourage a positive outlook on transatlantic trade among industry contacts we meet at events and in the context of partner search outreach. We plan to organize an International Patient Day event in the Spring of 2020 to raise awareness for innovation-based U.S. patient care solutions. We will closely monitor the impact of the EU’s new medical devices directive and its challenges for U.S. exporters to Germany.

We will follow the latest healthcare policy developments and discussions in Germany, and work with U.S. associations, such as the Advanced Medical Technology Association and PhRMA-Pharmaceutical Research-based Manufacturers Association based in Washington to ensure fair access, standards interoperability and IP protection for U.S. firms to and in the German and European markets.

**Opportunities**

Germany’s healthcare market offers more than just agents and distributors; it has various opportunities along the value supply chain route: design and research and development collaboration; strategic partnerships; equity partner and investor engagements; mergers and acquisitions; project collaboration, and other types of opportunities for SMEs to grow business and expand in the market. For example, one of Germany’s lead biotech cluster and the U.S. National Cancer Institute recently partnered on a webinar to promote the NIH’s Cancer Institute’s clinical study capabilities and resources for innovative German life science startups. Combining the resources of NIH and the networks of the German life science clusters, we will see a unique and powerful partnership that will bring the most innovative and brightest solutions to the U.S. market, and help both economies to grow and create jobs.

The German government’s health informatics funding initiative and the German states’ initiatives on healthcare digitization offer prime opportunities for U.S. firms to engage in Germany. An example would be a procurement for NRW Public Hospitals to re-organize their system and reconstruct and upgrade existing facilities. In a four-year span, U.S. companies will have the opportunity to participate in consortia or as sub-contractors.
The German Government is jump-starting a "Medical Informatics" funding scheme as part of the Health Research Framework Program. In an aging society where diseases like cancer, dementia and various cardiovascular, metabolic and muscular ailments will become more prevalent, it is important to improve the exchange of data across different institutions and locations. The aim is that faster diagnoses and treatments will help to cut costs and help individuals receive faster and more precise care.

For more information on procurements you can get involved in, please contact us via [www.export.gov/germany/contact](http://www.export.gov/germany/contact) to be added to a regular email of tender opportunities, or visit [http://ted.europa.eu/TED/main/HomePage.do](http://ted.europa.eu/TED/main/HomePage.do)

**Web Resources**

**Trade Events**

- [BIO Convention](#), Philadelphia, 3-6 June 2019
- [HIMSS Europe and Health 2.0 Europe](#), Helsinki, 11-13 June 2019
- [American Hospital Association Leadership Summit](#), San Diego, 25-27 July 2019
- [American Association of Clinical Chemistry AACC Annual Meeting](#), Anaheim, 4-8 August, 2019
- [Rehacare, Dusseldorf, 18-21 September 2019](#)
- [The Medtech Conference, Boston, 23-25 September 2019](#)
- [Exphofarm, Duesseldorf, 25-28 September 2019](#)
- [Bio-Europe, Hamburg, 11-13 November 2019](#)
- [MEDICA, Dusseldorf, 18-21 November 2019](#)
- [Analytica, Munich, 31 March – 3 April 2020](#)
- [DMEA, formerly ConhIT, Berlin, 21-23 April 2020](#)
- [International Dental Show 2019 (IDS), Cologne, 9-13 March 2021](#)

**Local Associations**

- BVMED
- [ZVEI Health Pages](#)
- Spectaris
- [DKGEV](#)
- BVITG
- BiM

**Government Links**

- [Federal Ministry of Health](#)
- [Federal Ministry of Education and Research](#)
- [Federal Institute for Drugs and Medical Devices (Competent Authority)](#)
- [Healthcare Procurement](#) and Tenders

**Private provider for tender information**

Government Health Plans:

- [International Federation of Health Plans](#)
- [Association of Public Health Plan Providers](#)
ICT

Overview

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Local Production</td>
<td>174.8</td>
<td>174.6</td>
<td>182.2</td>
<td>196.0</td>
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<tr>
<td>Total Exports</td>
<td>37.7</td>
<td>39.4</td>
<td>43.0</td>
<td>43.0</td>
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<tr>
<td>Total Imports</td>
<td>64.0</td>
<td>64.5</td>
<td>71.8</td>
<td>68.8</td>
<td>n/a</td>
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<tr>
<td>Imports from the U.S.</td>
<td>1.9</td>
<td>2.2</td>
<td>2.4</td>
<td>2.4</td>
<td>n/a</td>
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<tr>
<td>Total Market Size</td>
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<td>199.7</td>
<td>211.0</td>
<td>221.8</td>
<td>n/a</td>
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<tr>
<td>Exchange Rates</td>
<td>1.1095</td>
<td>1.1069</td>
<td>1.1297</td>
<td>1.1810</td>
<td>1.14</td>
</tr>
</tbody>
</table>

(in Billion USD | total market size = (total local production + imports) – exports)

Germany has one of the largest ICT markets in the world and the single largest software market in Europe with 89,762 IT companies, 945,500 employees and a total market size of USD 221.8 Billion in 2018. There is strong demand for U.S. products and services across all segments. Key players such as Microsoft, Apple, Dell, Adobe, IBM, Oracle and SAP have large market shares. There are also many highly specialized active SME’s in the market. According to the German Association for Information Technology, BITKOM, the subsector market sizes in 2018 (in USD billion) were: IT-hardware 30.2, software 28.8, IT-services 47.1, consumer electronics 11.2, telecommunication devices 12.6 and telecommunication infrastructure 8.3.

Germany hosts several key ICT trade shows, making it a premier marketplace for U.S. companies to reach global partners and buyers. U.S. exhibitors have frequently found buyers from Europe, Middle East, Africa, Asia and Latin America at IFA Berlin, IT-SA, Gamescom or Embedded World.

Policy Objectives and challenges

ICT is a priority sector for the German government. Germany’s economic and innovation policy is outlined in the Digital Agenda of the BMWi (German Federal Economics Ministry). It focuses on digital infrastructure, digital economy, digital workplaces, innovative public administration, digital environments in society, education, research, science, culture and media, security, protection and confidence for society and business.

Policy objectives include cybersecurity, the digitization of the German economy and the expansion of the German broadband network. Challenges include the impact of the EU Digital Single Market, the General Data Protection Regulation (GDPR), the E-privacy Regulation on ICT companies, and the latest cybersecurity policy developments.

The U.S. Commercial Service follows these developments and continues to work with associations and multipliers such as BMWi (German Federal Economics Ministry), BITKOM (Association for Information Technology), BDI (Federation of German Industries), GTAI (Germany Trade and Investment) and AmCham (American Chamber of Commerce) to unearth opportunities and flag policy concerns.

Leading Sub-Sectors

Key segments and topics of interest include Cybersecurity, Internet of Things, Big Data, Health IT, Cloud Computing, Business IT: ERP, Data Centers, Smart Social Business Platforms, Integrated Systems, Virtual & Augmented Reality and Digital Factory.
Opportunities
- IT Security
- Health IT
- Artificial Intelligence
- Smart Social Business Platforms
- Big Data (hardware, infrastructure, services, database and analytics technologies)
- Enterprise Resource Planning (industry-specific ERP solutions)

Web Resources

Trade events

Gamescom
Interactive games and entertainment
Cologne, August 21-24, 2019

IFA Berlin
Consumer electronics and home appliances
Berlin, September 6 – 11, 2019

it-sa
IT security: cloud, mobile & cyber security, data & network security
Nuremberg, October 7-10, 2019

ISE-Europe
AV and integrated system
Amsterdam, February 5-8, 2019

InfoSecurity Europe
Information security
London, June 4-6, 2019

Embedded Word
Embedded Systems
Nuremberg, February 25-27, 2020

AngaCom
Telecommunications
Cologne, June 4-6, 2020

Trade Associations

Bitkom, Federal Association for Information Technology, Telecommunication and New Media

Bitmi, Federal Association for Medium-Sized IT Businesses

Teletrust, IT Security Association Germany

ECO, Association of the Internet Industry

NIFIS, National Initiative for Information- and Internet-Security
German Games Industry Association, Organization that represents the German computer and video games industry

VATM, Association of Telecommunication and Value-Added Service Providers

Government Entities

Federal Office for Information Security, National cyber security authority in Germany

German Regulatory Authority, Ensures compliance with the Telecommunications Act (TKG), Postal Act (PostG) and Energy Act (EnWG) and their respective ordinances

Trade Publications

Computer Woche, Weekly newspaper for CIOs and IT-Managers about computers and information technology

CRN, Computer Reseller News magazine, Channel Partner, Portal for Technology trends, Channel-News and strategic advice for computer retailers, ICT dealers and distributors

EITO, The European IT Observatory, offering reports on the ICT and Consumer Electronics markets in Europe and Internationally

Smart Cities

Overview

Smart cities are committed to sustainable and integrated urban development. Today, cities consume two-thirds of the world’s major resources.

The smart city approach uses information and communication technologies in order to link municipal infrastructures such as energy, buildings, traffic, water and sewage on the basis of integrated development concepts. Digital transformation offers opportunities for moving towards sustainability and promotes resource-friendly, needs-based solutions for meeting the key challenges of urban development.

Digital technologies have already become reality in many areas of life and will continue to change many areas of the economy, administration and urban society.

Germany is actively positioning itself as a lead provider of complete smart technology solutions. In the current 2014-2019 financial framework alone, USD 23.6 billion is available for German cities and municipalities. In addition, there is the multi-billion Horizon 2020 funding to support regional innovation.
Best Prospects for U.S. exports

Building and construction: energy-efficient buildings and modernization, smart homes

Energy: expansion of renewable energy generation, smart grids and distribution, and storage systems

Environmental technology: new solutions for waste recycling and waste-water treatment

Management: digital solutions/IoT for the municipal economy, security for critical infrastructure

Ports: fully automated port where all devices are connected via IoT

Transportation/Logistics: investment in public transport and smart traffic systems, e-mobility

Policy Objectives and Challenges

The major concern is cyber attacks. Unfortunately, most Smart Cities vendors are either unaware of cybersecurity or lack the personnel with the technical know-how to address these issues. Smart Cities need to establish operational centers that are specific not only for purposes of sharing information but also for the counter-checking of vulnerabilities across functions and to establish a contingency response.

Selected Opportunities in the Energy and Transportation sector

Energy: Infrastructure projects grid development

- Ultra-High Grid development, existing grid, 4700 to 5200 miles, est. $6.6 billion, 2015-2025
- Offshore grid development 1400 to 2300 miles, 7 to 11.4 GW, est. $4.8 billion, 2018-2030
- Smart meter roll-out, est. $1.4 to 2.9 billion, 2018-2028
• Autonomous driving, Driver Assistance & Safety, electrification, digital services & sales, advanced manufacturing, Multi-billion USD, 2017-2030
• Electric Vehicle Charging Infrastructure, private and public, est. $300 million, 2017-2025

Selected Trade Events

• Building and Construction:
  ○ Chillventa, Nuremberg, October 13-15, 2020
  ○ ISH, Frankfurt, March 22-26, 2021
• Energy:
  ○ E-world of energy and water, Essen, February 11-13, 2020
  ○ Hannover Messe, Hannover, April 20-24, 2020
• Environmental technology:
  ○ IFAT Munich, Munich, May 4-8, 2020
• Management:
  ○ Smart City Solutions, Stuttgart, Sep 17-19, 2019
  ○ Smart City Expo World Congress, Barcelona, November 19-21, 2019
• Transportation/Logistics
  ○ IAA Frankfurt, Frankfurt, September 12-22, 2019
  ○ Innotrans, Berlin, September 22-25, 2020
• Ports:
  ○ SMM Hamburg, Hamburg, September 8-11, 2020 (smart ports, fully automated ports)

Web Resources

Smart City Charta - Making digital transformation at the local level sustainable
Federal Institute for Research on Building, Urban Affairs and Spatial Development
German Partnership for Sustainable Mobility
GTAI Germany Trade&Invest
German Renewable Energy Federation
Smart Cities Council
dena German Energy Agency

Travel and Tourism

Overview

Travel and tourism is the second-largest export industry in the United States and the largest service sector export. Every 63 visitors to the U.S. will create one new U.S job. For 2019, the National Tourism and Travel Organization (NHTO) forecasts a total of 81 million international visitors to the United States and 2.1 million visitors from Germany, accounting for 2.6 percent of international arrivals. Germany is currently ranked 7th worldwide in terms of visitors per year, making it a profoundly important market for the United States.

The majority of German visitors to the United States book their travel through German tour operators and/or travel agencies, thus lending to the protection of German consumer travel protection laws safeguarding their holiday investment. German visitors plan ahead and book early. Typically, they stay longer and spend more money than domestic visitors.

The U.S. Travel Association estimates that spending by international travelers to the United States in 2018 reached USD 256 billion and supported 1.2 million of the 8.9 million American jobs in the tourism industry
either directly or indirectly. (This includes passenger fares on U.S. carriers by international travelers to the United States.) In 2017, German visitors to the United States spent a total of USD 8.25 billion (ranked 10th worldwide and 2nd after the UK in Europe).

**Leading Sub-Sectors**

Leisure travel, business travel, fly-drive and individual packages are the leading sub-sectors for the Travel and Tourism industry. Germany also has an active MICE (meetings, incentives, conferences, and events) industry, however visas can be a limiting factor for U.S. travel.

**Opportunities**

*Promotion*

Germany hosts the world’s largest travel show, ITB, making Germany a premier marketplace for U.S. tourism companies to reach their global partners and buyers. VUSA Germany (Visit USA Committee Germany e.V.), together with Brand USA, will promote the Visit the USA brand at 2 major consumer travel shows, 3 trade events, 2 media events, approximately 12 webinars, several networking events and online and in print. In addition, Brand USA will conduct familiarization trips to the U.S. for travel agents, promote their giant screen films on the U.S. National Park Service (as part of its great outdoors theme) and America’s Musical Journeys (as part of its music cultural theme), support culinary tourism events and continue its cooperative advertising campaign with major tour operators. The goal is to attract 2.1 million German visitors to the United States in 2019.

*Policy Objectives and Challenges*

Policies in the German and European markets for travel to the United States such as flight access, visa waiver, ESTA, immigration issues, and drivers’ license issues could potentially cause challenges.

The Commercial Service will continue to follow the latest policy developments and discussions in Germany, led by trade organizations such as DRV (German Travel Agents and Tour Operator Association) and VUSA (Visit USA Committee Germany e.V.), and monitor travel related media coverage and report these back to NTTO so that U.S. clients are better positioned to maintain the 2.21 million visitor goal from Germany.

*Trade Events*

- Reisen Hamburg
- CMT Stuttgart
- fre.e Munich
- ITB Berlin
- IMEX Frankfurt
- Travel Expo & FVW Congress Cologne (B2B fair)

*Web Resources*

Entry and visa regulations information:

- U.S. Embassy and Consulates in Germany
- DHS

Other:

- Official site of the Visit USA Committee Germany
Brand USA's consumer website in German
Consumer travel website on United States in German
German landing page for Recreation.Gov
Customs, Regulations & Standards

Trade Barriers

Germany’s regulations and bureaucratic procedures can be a difficult hurdle for companies wishing to enter the market and require close attention by U.S. exporters. Complex safety standards, not normally discriminatory but sometimes zealously applied, complicate access to the market for many U.S. products. U.S. suppliers are well advised to do their homework thoroughly and make sure they know precisely which standards apply to their product and that they obtain timely testing and certification.

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers published by USTR.

Information on agricultural trade barriers can be found at the following website: Foreign Agricultural Service

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center or the U.S. Mission to the European Union

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers published by USTR.

For information on EU retaliatory tariffs on U.S. goods see the list on the Department of Commerce website.

Information on agricultural trade barriers can be found at the following website: Foreign Agricultural Service

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center or the U.S. Mission to the European Union

Import Tariff

When products enter the EU, they need to be declared to customs according to their classification in the Combined Nomenclature (CN). The CN document is updated and published every year, and the latest version can be found on the European Commission’s website.

U.S. exporters should consult “The Integrated Tariff of the Community”, referred to as TARIC (Tarif Intégré de la Communauté), to identify the various rules which apply to specific products being imported into the customs territory of the EU. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Key Link: TARIC

Key Link: German Customs import information

Import Requirements & Documentation

The Single Administrative Document

The official model for written declarations to customs is the Single Administrative Document (SAD). The SAD describes goods and their movement around the world and is essential for trade outside the EU, or for non-EU goods. Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented to customs officials. The customs authorities may, however, allow a period for filing the Declaration which cannot be extended beyond the first working day following the day on which the goods are presented to customs.
The Summary Declaration is filed by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer’s declaration. It encompasses both customs duties and VAT and is valid in all EU Member States. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.

European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. Information on import/export forms is contained in Commission Delegated Regulation (EU) No. 2015/2446.

More information on the SAD can be found at:

- Single Administration Document
- EU Customs Code

The Union Customs Code (UCC) was adopted in 2013 and its substantive provisions went into effect on 1 May 2016. It has replaced the Community Customs Code (CCC). In addition to the UCC, the European Commission published delegated and implementing regulations on the actual procedural changes.

**Economic Operator Registration and Identification (EORI)**

Since July 1, 2009, all companies established outside of the EU are required to have an EORI number if they wish to lodge a customs declaration or an Entry/Exit Summary declaration. All U.S. companies should use this number for their customs clearances. An EORI number must be formally requested from the customs authorities of the specific member state to which the company first exports. Member state customs authorities may request additional documents to be submitted alongside a formal request for an EORI number. Once a company has received an EORI number, it can use it for exports to any of the 28 EU Member States. There is no single format for the EORI number. Once an operator holds an EORI number s/he can request the Authorized Economic Operator (AEO: see below under “MRA”) status, which can give quicker access to certain simplified customs procedures.

More information about the EORI number can be found at Economic Operator Identification and Registration.

**U.S. – EU Customs Cooperation**

Since 1997, the United States and the EU have had a Customs Mutual Assistance Agreement (CMAA) on customs cooperation for matters relating to the application of customs laws. For additional information, please see Agreements with the United States.

In 2012 the United States and the EU signed a Decision recognizing the compatibility of AEO (Authorized Economic Operator) and C-TPAT (Customs-Trade Partnership Against Terrorism), thereby facilitating faster and more secure trade between U.S. and EU operators. The World Customs Organization (WCO) SAFE Framework of Standards provides the global standard for AEO. AEO certification is issued by a national customs authority and is recognized by all Member States’ customs agencies. As of April 17, 2017, an AEO can consist of two different types of authorization: “customs simplification” or “security and safety.” The former allows for an AEO to benefit from simplification related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter’s trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data
requirements, lower inspection costs, and enhanced loyalty and recognition. Under the revised Union Customs Code, in order for an operator to make use of certain customs simplifications, the authorization of AEO becomes mandatory.

The United States and the EU recognize each other’s security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable treatment provided by the Decision will result in lower costs, simplified procedures and greater predictability for transatlantic business activities. It officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The Decision was originally signed in May 2012 and was implemented in two phases. The first commenced in July 2012 with U.S. Customs and Border Protection (CBP) placing shipments coming from EU AEO members into a lower risk category. The second phase took place in early 2013, with the EU re-classifying shipments coming from C-TPAT members into a lower risk category. CBP identification numbers for foreign manufacturers (MID) are therefore recognized by customs authorities in the EU, as per Commission Delegated Regulation 2015/2446 (see above).

Additional Information on the Decision

Labeling/Marking Requirements

Summary

There is a broad array of EU legislation pertaining to the marking, labeling and packaging of products, with neither an “umbrella” law covering all goods nor any central directory containing information on marking, labeling and packaging requirements. This overview is meant to provide the reader with a general introduction to the multitude of marking, labeling and packaging requirements or marketing tools to be found in the EU.

Introduction

The first step in investigating the marking, labeling and packaging legislation that might apply to a product entering the EU is to draw a distinction between what is mandatory and what is voluntary. Decisions related to mandatory marking, labeling and/or packaging requirements may sometimes be left to individual Member States. Furthermore, voluntary marks and/or labels are used as marketing tools in some EU Member States. This report is focused primarily on the mandatory marks and labels seen most often on consumer products and packaging, which are typically related to public safety, health and/or environmental concerns. It also includes a brief overview of a few mandatory packaging requirements, as well as more common voluntary marks and/or labels used in EU markets.

It is also important to distinguish between marks and labels. A mark is a symbol and/or pictogram that appears on a product or its respective packaging. These range in scope from signs of danger to indications of methods of proper recycling and disposal. The intention of such marks is to provide market surveillance authorities, importers, distributors and end-users with information concerning safety, health, energy efficiency and/or environmental issues relating to a product. Labels, on the other hand, appear in the form of written text or numerical statements, which may be required but are not necessarily universally recognizable. Labels typically indicate more specific information about a product, such as measurements, or an indication of materials that may be found in the product (such as in textiles or batteries).

**U.S. Export Controls**

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce’s Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively “items”) falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS’s Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA’s Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. OTE’s data portal provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (i.e., the item’s classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347. Further information on export controls is available at: http://www.bis.doc.gov/licensing/exportingbasics.htm

BIS’s Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS’s licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.
BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. Also, BIS has "Know Your Customer" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a current seminar schedule for a list of upcoming seminars. BIS also provides online training.

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS website or in Supplement No. 3 to Part 730 of the EAR.


The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The Consolidated Screening List API consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: http://apps.export.gov/csl-search or https://developer.trade.gov/consolidated-screening-list.html

Temporary Entry

Specific information on the ATA Carnet Customs procedure used for temporary importation, transit and temporary admission of goods designed for specific purposes, duty-free and tax-free (such as professional equipment for presentations or trade fairs).

For information on this topic please consult the Commerce Department’s Country Commercial Guides on EU Member States: EU Member States’ Country Commercial Guides

Alternatively, search the Commerce Department’s Market Research Library, available from: Market Intelligence under Country and Industry Market Reports.

Prohibited & Restricted Imports

The Tarif Intégré de la Communauté (TARIC) is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for the following codes:
CITES Convention on International Trade of Endangered Species
PROHI Import Suspension
RSTR Import Restriction
For information on how to access the TARIC, see the Import Requirements and Documentation Section.
Key Link: Taxation Customs and Tariffs

**Customs Regulations**

The following provides information on major regulatory efforts of the EC Taxation and Customs Union Directorate:

The Union Customs Code (UCC) was adopted in 2013 and its substantive provisions apply from 1 May 2016. It replaces the Community Customs Code (CCC). In addition to the UCC, the European Commission has published delegated and implementing regulations on the actual procedural changes. These are included in Delegated Regulation (EU) 2015/2446, Delegated Regulation (EU) 2016/341 and the Implementing Regulation (EU) 2015/2447.

There are a number of changes in the revised customs policy which also require an integrated IT system from the customs authorities. In April 2016, the European Commission published an implementing decision (number: 2016/578) on the work program relating to the development and deployment of the electronic systems of the UCC. The EC continues to evaluate the timeline by which the EU-wide integration of the customs IT system can be implemented. The current deadline of December 2020 may be extended until 2025 (draft proposal)

Key Link: Homepage of Customs and Taxation Union Directorate (TAXUD) Website

_Customs Valuation_ – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to dispose of a standard set of rules for establishing the goods’ value, which will then serve for calculating the customs duty.

Given the magnitude of EU imports every year, it is important that the value of such commerce is accurately measured for the purposes of:

- economic and commercial policy analysis;
- application of commercial policy measures;
- proper collection of import duties and taxes; and
- import and export statistics.

These objectives are met using a single instrument - the rules on customs value.

The EU applies an internationally accepted concept of ‘customs value’.

The value of imported goods is one of three ‘elements of taxation’ that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

Key Link: Customs Procedures
European Union CE Marking and Standards

Prior to exporting, U.S. manufacturers have to consider certification for the EU market. Certification is about conformity assessment in order to declare compliance with EU regulatory requirements. For the majority of exported products, compliance is visibly testified by the manufacturer through the use of CE marking. Use of standards is part of the process.

Bearing in mind that testing and certification for the U.S. market are not sufficient for exporting to the EU, manufacturers will need to start from scratch in order to determine what it takes to comply with EU requirements. Since EU legislation harmonizes mandatory requirements for product safety throughout the European Union, a manufacturer only needs to go through the process once and can then export to all 28 EU member states (and beyond). With appropriate certification, goods travel freely within the borders of the Single Market.

Standards for Trade Overview

Products tested and certified in the United States to U.S. regulations and standards are likely to have to be retested and re-certified to EU requirements as a result of the EU’s different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU’s General Product Safety Directive as well as to possible additional national requirements.

European Union legislation and standards created under the so-called New Approach are harmonized across the Member States and European Economic Area countries to allow for the free flow of goods. New approach laws require the use by the manufacturer of CE marking.

The concept of New Approach legislation is slowly disappearing as the New Legislative Framework (NLF), which entered into force in January 2010, was put in place to serve as a blueprint for existing and future CE marking legislation. Existing legislation has been reviewed to bring them in line with the NLF concepts, which means that, since 2016, new requirements are being addressed and new reference numbers are to be used on declarations of conformity. For more information about the NLF.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union.

More information can be found in Country Commercial Guide for the European Union:

https://www.export.gov/article?id=European-Union-Trade-Standards

Trade Agreements

For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see EU Trade Agreements

Licensing Requirements for Professional Services

The recognition of skills and qualifications acquired by EU citizens in EU Member States, including the corresponding recognition procedures and charges are, based on article 165 of the TFEU, the responsibility of Member States. Similarly, recognition of skills and qualification earned in third countries is also a national responsibility.

However, the European Commission takes initiative to facilitate recognition procedures. For example:
• Recognition of professional qualifications obtained in one Member State for the purposes of access and pursuit of regulated professions in another Member State is subject to Directive 2005/36.

• Recognition of qualifications for academic purposes in the higher education sector, including school-leaving certificates is subject to the Lisbon Recognition Convention. The ENIC-NARIC network provides advice on (cross-border) recognition of these qualifications.

Recognition in other cases is assessed and granted (or denied) by the receiving educational provider or employer. For them to be able to recognise skills and qualifications an understanding of the level, content and quality is needed. The Commission currently explores the possibilities on how to better support these recognition decisions.

The “Your Europe” website maintains a webpage dedicated to help citizens identify what the regulated professions are and what document are needed for their recognition in each Member State. Please see: Recognition of Professional Qualification.

EU websites:

TARIC
ECHA
European Chemicals Agency (ECGA); Wikipedia
Taxation and Customs Union
Electronic Customs Initiative
Modernized Community Customs Code Regulation
Legislation related to the Electronic Customs Initiative
Trade Helpdesk
What is Customs Valuation?
Pre-Arrival/Pre-Departure Declarations
AEO: Authorized Economic Operator
Contact Information at National Customs Authorities
New Legislative Framework
Cenelec, European Committee for Electrotechnical Standardization
ETSI, European Telecommunications Standards Institute
CEN, European Committee for Standardization
Standardisation- Mandates
ETSI- Portal- E-Standardisation
CEN- Sector
CEN- Standard Search
KeymarkNANDO (New Approach Notified and Designated Organizations) Information System
European Accreditation
Eur-Lex- Access to European Union LawStandards References
What’s New?
National Technical Regulations
NIST- Notify U.S.
European Union Eco-Label Homepage

U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers

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Investment Climate Statement

Executive Summary

As Europe’s largest economy, Germany is a major destination for foreign direct investment (FDI) and has accumulated a vast stock of FDI over time. Germany is consistently ranked by business consultancies and the UN Conference on Trade and Development (UNCTAD) as one of the most attractive investment destinations based on its reliable infrastructure, highly skilled workforce, positive social climate, stable legal environment, and world-class research and development.

The United States is the leading source of non-European foreign investment in Germany. Foreign investment in Germany was broadly stable during the period 2013-2016 (the most recent data available) and mainly originated from other European countries, the United States, and Japan. FDI from emerging economies (particularly China) grew substantially over 2013-2016, albeit from a low level.

German legal, regulatory, and accounting systems can be complex and burdensome, but are generally transparent and consistent with developed-market norms. Businesses enjoy considerable freedom within a well-regulated environment. Foreign and domestic investors are treated equally when it comes to investment incentives or the establishment and protection of real and intellectual property. Foreign investors can fully rely on the legal system, which is efficient and sophisticated. At the same time, this system requires investors to closely track their legal obligations. New investors should ensure they have the necessary legal expertise, either in-house or outside counsel, to meet all requirements.

Germany has effective capital markets and relies heavily on its modern banking system. Majority state-owned enterprises are generally limited to public utilities such as municipal water, energy, and national rail transportation. The primary objectives of government policy are to create jobs and foster economic growth. Labor unions are powerful and play a generally constructive role in collective bargaining agreements, as well as on companies’ work councils.

German authorities continue efforts to fight money laundering and corruption. The government supports responsible business conduct and German SMEs are increasingly aware of the need for due diligence.

The German government amended domestic investment screening provisions, effective June 2017, clarifying the scope for review and giving the government more time to conduct reviews, in reaction to an increasing number of acquisitions of German companies by foreign investors, particularly from China. The amended provisions provide a clearer definition of sectors in which foreign investment can pose a “threat to public order and security,” including operators of critical infrastructure, developers of software to run critical infrastructure, telecommunications operators or companies involved in telecom surveillance, cloud computing network operators and service providers, and telematics companies. All non-EU entities are now required to notify Federal Ministry for Economic Affairs and Energy in writing of any acquisition of or significant investment in a German company active in these sectors. The new rules also extend the time to assess a cross-sector foreign investment from two to four months, and for investments in sensitive sectors, from one to three months, and introduce the possibility of retroactively initiating assessments for a period of five years after the conclusion of an acquisition. Indirect acquisitions such as those through a Germany- or EU-based affiliate company are now also explicitly subject to the new rules. In 2018, the government further lowered the threshold for the screening of investments, allowing authorities to screen acquisitions by foreign entities of at least 10 percent of voting rights of German companies that operate critical infrastructure (down from 25 percent), as well as companies providing services related to critical infrastructure. The amendment also added media companies to the list of sensitive businesses to which the lower threshold applies. German authorities strongly supported the European Union’s new framework to coordinate national security screening of foreign investments, which entered into force in April 2019.
<table>
<thead>
<tr>
<th>Measure</th>
<th>Year</th>
<th>Index/Rank</th>
<th>Website Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>TI Corruption Perceptions Index</td>
<td>2018</td>
<td>11 of 180</td>
<td><a href="http://www.transparency.org/research/cpi/overview">http://www.transparency.org/research/cpi/overview</a></td>
</tr>
<tr>
<td>Global Innovation Index</td>
<td>2018</td>
<td>9 of 126</td>
<td><a href="https://www.globalinnovationindex.org/analysis-indicator">https://www.globalinnovationindex.org/analysis-indicator</a></td>
</tr>
<tr>
<td>U.S. FDI in partner country (stock positions)</td>
<td>2017</td>
<td>136 billion USD</td>
<td><a href="https://apps.bea.gov/international/factsheet/">https://apps.bea.gov/international/factsheet/</a></td>
</tr>
</tbody>
</table>

Openness to, and Restrictions upon Foreign Investment

Policies Towards Foreign Direct Investment

Germany has an open and welcoming attitude towards FDI. The 1956 U.S.-Federal Republic of Germany Treaty of Friendship, Commerce and Navigation affords U.S. investors national treatment and provides for the free movement of capital between the United States and Germany. As an OECD member, Germany adheres to the OECD National Treatment Instrument and the OECD Codes of Liberalization of Capital Movements and of Invisible Operations. The Foreign Trade and Payments Act and the Foreign Trade and Payments Ordinance provide the legal basis for the Federal Ministry for Economic Affairs and Energy to review acquisitions of domestic companies by foreign buyers, to assess whether these transactions pose a risk to the public order or national security (for example, when the investment pertains to critical infrastructure). For many decades, Germany has experienced significant inbound investment, which is widely recognized as a considerable contributor to Germany's growth and prosperity. The German government and industry actively encourage foreign investment. U.S. investment continues to account for a significant share of Germany's FDI. The investment-related challenges foreign companies face are generally the same as for domestic firms, for example, high marginal income tax rates and labor laws that complicate hiring and dismissals.

Limits on Foreign Control and Right to Private Ownership and Establishment
Under German law, a foreign-owned company registered in the Federal Republic of Germany as a GmbH (limited liability company) or an AG (joint stock company) is treated the same as a German-owned company. There are no special nationality requirements for directors or shareholders.

However, Germany does prohibit the foreign provision of employee placement services, such as providing temporary office support, domestic help, or executive search services.

While Germany’s Foreign Economic Law permits national security screening of inbound direct investment in individual transactions, in practice no investments have been blocked to date. Growing Chinese investment activities and acquisitions of German businesses in recent years – including of Mittelstand (mid-sized) industrial market leaders – led German authorities to amend domestic investment screening provisions in 2017, clarifying their scope and giving authorities more time to conduct reviews. The government further lowered the threshold for the screening of acquisitions in critical infrastructure and sensitive sectors in 2018, to 10 percent of voting rights of a German company. The amendment also added media companies to the list of sensitive sectors to which the lower threshold applies, to prevent foreign actors from engaging in disinformation. In a prominent case in 2016, the German government withdrew its approval and announced a re-examination of the acquisition of German semi-conductor producer Aixtron by China’s Fujian Grand Chip Investment Fund based on national security concerns.

**Other Investment Policy Reviews**

The World Bank Group’s “Doing Business 2019” and Economist Intelligence Unit both provide additional information on Germany investment climate. The American Chamber of Commerce in Germany publishes results of an annual survey of U.S. investors in Germany on business and investment sentiment (“AmCham Germany Transatlantic Business Barometer”).

**Business Facilitation**

Before engaging in commercial activities, companies and business operators must register in public directories, the two most significant of which are the commercial register (Handelsregister) and the trade office register (Gewerberegister).

Applications for registration at the commercial register, which is publically available under www.handelsregister.de, are electronically filed in publicly certified form through a notary. The commercial register provides information about all relevant relationships between merchants and commercial companies, including names of partners and managing directors, capital stock, liability limitations, and insolvency proceedings. Registration costs vary depending on the size of the company.

Germany Trade and Invest (GTAI), the country’s economic development agency, can assist in the registration processes (https://www.gtai.de/GTAI/Navigation/EN/Invest/Investment-guide/Establishing-a-company/business-registration.html) and advise investors, including micro-, small-, and medium-sized enterprises (MSMEs), on how to obtain incentives.

In the EU, MSMEs are defined as follows:

- Micro-enterprises: less than 10 employees and less than €2 million annual turnover or less than €2 million in balance sheet total.
- Small-enterprises: less than 50 employees and less than €10 million annual turnover or less than €10 million in balance sheet total.
- Medium-sized enterprises: less than 250 employees and less than €50 million annual turnover or less than €43 million in balance sheet total.

**Outward Investment**
The Federal Government provides guarantees for investments by German-based companies in developing and emerging economies and countries in transition in order to insure them against political risks. In order to receive guarantees, the investment must have adequate legal protection in the host country. The Federal Government does not insure against commercial risks.

**Bilateral Investment Agreements and Taxation Treaties**

Germany does not have a bilateral investment treaty (BIT) with the United States. However, a Friendship, Commerce and Navigation (FCN) treaty dating from 1956 contains many BIT-relevant provisions including national treatment, most-favored nation, free capital flows, and full protection and security.

Germany has bilateral investment treaties in force with 126 countries and territories. Treaties with former sovereign entities (including Czechoslovakia, the Soviet Union, Sudan, and Yugoslavia) continue to apply in an additional seven cases. These are indicated with an asterisk (*) and have not been taken into account in regard to the total number of treaties. Treaties are in force with the following states, territories, or former sovereign entities. For a full list of treaties containing investment provisions that are currently in force, see the UNCTAD Navigator at [http://investmentpolicyhub.unctad.org/IIA/CountryBits/78#iiaInnerMenu](http://investmentpolicyhub.unctad.org/IIA/CountryBits/78#iiaInnerMenu).

Afghanistan; Albania; Algeria; Angola; Antigua and Barbuda; Argentina; Armenia; Azerbaijan; Bahrain; Bangladesh; Barbados; Belarus; Benin; Bosnia and Herzegovina; Botswana; Brunei; Bulgaria; Burkina Faso; Burundi; Cambodia; Cameroon; Cape Verde; Central African Republic; Chad; Chile; China (People’s Republic); Congo (Republic); Congo (Democratic Republic); Costa Rica; Croatia; Cuba; Czechoslovakia; Czech Republic*; Dominica; Egypt; El Salvador; Estonia; Eswatini; Ethiopia; Gabon; Georgia; Ghana; Greece; Guatemala; Guinea; Guyana; Haiti; Honduras; Hong Kong; Hungary; Iran; Ivory Coast; Jamaica; Jordan; Kazakhstan; Kenya; Republic of Korea; Kosovo*; Kuwait; Kyrgyzstan; Laos; Latvia; Lebanon; Lesotho; Liberia; Libya; Lithuania; Madagascar; Malaysia; Mali; Malta; Mauritania; Mauritius; Mexico; Moldova; Mongolia; Montenegro*; Morocco; Mozambique; Namibia; Nepal; Nicaragua; Niger; Nigeria; North Macedonia; Oman; Pakistan; Palestinian Territories; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Romania; Russia*; Rwanda; Saudi Arabia; Senegal; Serbia*; Sierra Leone; Singapore; Slovak Republic*; Slovenia; Somalia; South Sudan*; Soviet Union; Sri Lanka; St. Lucia; St. Vincent and the Grenadines; Sudan; Syria; Tajikistan; Tanzania; Thailand; Togo; Trinidad & Tobago; Tunisia; Turkey; Turkmenistan; Uganda; Ukraine; United Arab Emirates; Uruguay; Uzbekistan; Venezuela; Vietnam; Yemen; Yugoslavia; Zambia; and Zimbabwe.

A BIT with Bolivia was terminated in May 2014, a BIT with South Africa was terminated in October 2014, BITs with India and Indonesia were terminated in June 2017, and a BIT with Ecuador was terminated in May 2018. The current BIT with Poland will be terminated in October 2019.

Germany has ratified treaties with the following countries and territories that have not yet entered into force:

<table>
<thead>
<tr>
<th>Country</th>
<th>Signed Temporarily</th>
<th>Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>09/21/1995</td>
<td>No</td>
</tr>
<tr>
<td>Congo (Republic)</td>
<td>11/22/2010</td>
<td>*</td>
</tr>
<tr>
<td>Iraq</td>
<td>12/04/2010</td>
<td>No</td>
</tr>
<tr>
<td>Israel</td>
<td>06/24/1976</td>
<td>Yes</td>
</tr>
<tr>
<td>Pakistan</td>
<td>12/01/2009</td>
<td>*</td>
</tr>
</tbody>
</table>
Bilateral Taxation Treaties:

Taxation of U.S. firms within Germany is governed by the “Convention for the Avoidance of Double Taxation with Respect to Taxes on Income.” This treaty has been in effect since 1989 and was extended in 1991 to the territory of the former German Democratic Republic. With respect to income taxes, both countries agreed to grant credit for their respective federal income taxes on taxes paid on profits by enterprises located in each other’s territory. A Protocol of 2006 updates the existing tax treaty and includes several changes, including a zero-rate provision for subsidiary-parent dividends, a more restrictive limitation on benefits provision, and a mandatory binding arbitration provision. In 2013, Germany and the United States signed an agreement on legal and administrative cooperation and information exchange with regard to the U.S. Foreign Account Tax Compliance Act. (Full document at https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Steuern/Internationales_ Steuerrrecht/Staatenbezogene Informationen/Laender_A-Z/Verein_Staaten/2013-10-15-USA-Abkommen- FATCA.html).

As of January 2019, Germany had bilateral tax treaties with a total of 96 countries, including with the United States, and, regarding inheritance taxes, with 6 countries. It has special bilateral treaties with respect to income and assets by shipping and aerospace companies with 10 countries and has treaties relating to the exchange of information and administrative assistance with 27 countries. Germany has initiated and/or is renegotiating new income and wealth tax treaties with 64 countries, special bilateral treaties with respect to income and assets by shipping and aerospace companies with 2 countries, and information exchange and administrative assistance treaties with 7 countries.

Legal Regime

Transparency of the Regulatory System

Germany has transparent and effective laws and policies to promote competition, including antitrust laws. The legal, regulatory and accounting systems are complex but transparent and consistent with international norms.

Formally, the public consultation by the federal government is regulated by the Joint Rules of Procedure, which specify that ministries must consult early and extensively with a range of stakeholders on all new legislative proposals. In practice, laws and regulations in Germany are routinely published in draft, and public comments are solicited. According to the Joint Procedural Rules, ministries should consult the concerned industries’ associations (rather than single companies), consumer organizations, environmental, and other NGOs. The consultation period generally takes two to eight weeks.

The German Institute for Standardization (DIN) is open to foreign members.

International Regulatory Considerations

As a member of the European Union, Germany must observe and implement directives and regulations adopted by the EU. EU regulations are binding and enter into force as immediately applicable law. Directives, on the other hand, constitute a type of framework law that is to be implemented by the Member States in their respective legislative processes, which is regularly observed in Germany.
EU Member States must implement directives within a specified period of time. Should a deadline not be met, the Member State may suffer the initiation of an infringement procedure, which could result in high fines. Germany has a set of rules that prescribe how to break down any payment of fines devolving on the Federal Government and the federal states (Länder). Both bear part of the costs depending on their responsibility within legislation and the respective part they played in non-compliance.

The federal states have a say over European affairs through the Bundesrat (upper chamber of parliament). The Federal Government is required to instruct the Bundesrat at an early stage on all EU plans that are relevant for the federal states.

The federal government notifies draft technical regulations to the WTO Committee on Technical Barriers to Trade (TBT) through the Federal Ministry of Economic Affairs and Energy.

**Legal System and Judicial Independence**

German law is both predictable and reliable. Companies can effectively enforce property and contractual rights. Germany’s well-established enforcement laws and official enforcement services ensure that investors can assert their rights. German courts are fully available to foreign investors in an investment dispute.

The judicial system is independent, and the federal government does not interfere in the court system. The legislature sets the systemic and structural parameters, while lawyers and civil law notaries use the law to shape and organize specific situations. Judges are highly competent. International studies and empirical data have attested that Germany offers an efficient court system committed to due process and the rule of law.

In Germany, most important legal issues and matters are governed by comprehensive legislation in the form of statutes, codes and regulations. Primary legislation in the area of business law includes:

- the Civil Code (Bürgerliches Gesetzbuch, abbreviated as BGB), which contains general rules on the formation, performance and enforcement of contracts and on the basic types of contractual agreements for legal transactions between private entities;
- the Commercial Code (Handelsgesetzbuch, abbreviated as HGB), which contains special rules concerning transactions among businesses and commercial partnerships;
- the Private Limited Companies Act (GmbH-Gesetz) and the Public Limited Companies Act (Aktiengesetz), covering the two most common corporate structures in Germany – the ‘GmbH’ and the ‘Aktiengesellschaft’; and
- the Act on Unfair Competition (Gesetz gegen den unlauteren Wettbewerb, abbreviated as UWG), which prohibits misleading advertising and unfair business practices.

Germany has specialized courts for administrative law, labor law, social law, and finance and tax law. In 2019, the first German district court for civil matters (in Frankfurt) introduced the possibility to hear international trade disputes in English. Other federal states are currently discussing plans to introduce these specialized chambers as well. The Federal Patent Court hears cases on patents, trademarks, and utility rights which are related to decisions by the German Patent and Trademarks Office. Both the German Patent Office (Deutsches Patentamt) and the European Patent Office are headquartered in Munich.

**Laws and Regulations on Foreign Direct Investment**

The Federal Ministry for Economic Affairs and Energy may review acquisitions of domestic companies by foreign buyers in cases where investors seek to acquire at least 25 percent of the voting rights to assess whether these transactions pose a risk to the public order or national security of the Federal Republic of Germany. In the case of acquisitions of critical infrastructure and companies in sensitive sectors, the threshold for triggering an investment review by the government is 10 percent. The Foreign Trade and Payments Act and the Foreign
Trade and Payments Ordinance provide the legal basis for screening investments. To our knowledge, the Federal Ministry for Economic Affairs and Energy had not prohibited any acquisitions as of April 2019.

There is no requirement for investors to obtain approval for any acquisition, but they must notify the Federal Ministry for Economic Affairs and Energy if the target company operates critical infrastructure. In that case, or if the company provides services related to critical infrastructure or is a media company, the threshold for initiating an investment review is the acquisition of at least 10 percent of voting rights. The Federal Ministry for Economic Affairs and Energy may launch a review within three months after obtaining knowledge of the acquisition; the review must be concluded within four months after receipt of the full set of relevant documents. An investor may also request a binding certificate of non-objection from the Federal Ministry for Economic Affairs and Energy in advance of the planned acquisition to obtain legal certainty at an early stage. If the Federal Ministry for Economic Affairs and Energy does not open an in-depth review within two months from the receipt of the request, the certificate shall be deemed as granted.

Special rules apply for the acquisition of companies that operate in sensitive security areas, including defense and IT security. In contrast to the cross-sectoral rules, the sensitive acquisitions must be notified in written form including basic information of the planned acquisition, the buyer, the domestic company that is subject of the acquisition and the respective fields of business. The Federal Ministry for Economic Affairs and Energy may open a formal review procedure within three months after receiving notification, or the acquisition shall be deemed as approved. If a review procedure is opened, the buyer is required to submit further documents. The acquisition may be restricted or prohibited within three months after the full set of documents has been submitted.

The German government amended domestic investment screening provisions, effective June 2017, clarifying the scope for review and giving the government more time to conduct reviews, in reaction to an increasing number of acquisitions of German companies by foreign investors, particularly from China. The amended provisions provide a clearer definition of sectors in which foreign investment can pose a “threat to public order and security,” including operators of critical infrastructure, developers of software to run critical infrastructure, telecommunications operators or companies involved in telecom surveillance, cloud computing network operators and service providers, and telematics companies. All non-EU entities are now required to notify Federal Ministry for Economic Affairs and Energy in writing of any acquisition of or significant investment in a German company active in the above sectors. The new rules also extend the time to assess a cross-sector foreign investment from two to four months, and for investments in sensitive sectors, from one to three months, and introduce the possibility of retroactively initiating assessments for a period of five years after the conclusion of an acquisition. Indirect acquisitions such as those through a Germany- or EU-based affiliate company are now also explicitly subject to the new rules. In 2018, the government further lowered the threshold for the screening of investments, allowing authorities to screen acquisitions by foreign entities of at least 10 percent of voting rights of German companies that operate critical infrastructure (down from 25 percent), as well as companies providing services related to critical infrastructure. The amendment also added media companies to the list of sensitive businesses to which the lower threshold applies, to prevent foreign actors to engage in disinformation.

Any decisions resulting from review procedures are subject to judicial review by the administrative courts. The German Economic Development Agency (GTAI) provides extensive information for investors, including about the legal framework, labor-related issues and incentive programs, on their website: http://www.gtai.de/GTAI/Navigation/EN/Invest/investment-guide.html.

Competition and Anti-Trust Laws

German government ensures competition on a level playing field on the basis of two main legal codes:
The Law against Limiting Competition is the legal basis for the fight against cartels, merger control, and monitoring abuse. State and Federal cartel authorities are in charge of enforcing anti-trust law. In exceptional cases, the Minister for Economics and Energy can provide a permit under specific conditions. The last case was a merger of two retailers (Kaisers/Tengelmann and Edeka) to which a ministerial permit was granted in March 2016. A July 2017 amendment to the Cartel Law expanded the reach of the Federal Cartel Authority (FCA) to include internet and data-based business models; as a result, the FCA investigated Facebook’s data collection practices regarding potential abuse of market power. A February 2019 decision affirming abuse by the FCA has been challenged by Facebook at a regional court. In November 2018, the FCA initiated an investigation of Amazon over potential abuse of market power; a decision was pending as of April 2019.

The Law against Unfair Competition (amended last in 2016) can be invoked in regional courts.

Expropriation and Compensation

German law provides that private property can be expropriated for public purposes only in a non-discriminatory manner and in accordance with established principles of constitutional and international law. There is due process and transparency of purpose, and investors and lenders to expropriated entities receive prompt, adequate, and effective compensation.

The Berlin state government is currently reviewing a petition for a referendum submitted by a citizens’ initiative which calls for the expropriation of residential apartments owned by large corporations. At least one party in the governing coalition officially supports the proposal, whereas the others remain undecided. Certain long-running expropriation cases date back to the Nazi and communist regimes. During the 2008-9 global financial crisis, the parliament adopted a law allowing emergency expropriation if the insolvency of a bank would endanger the financial system, but the measure expired without having been used.

Dispute Settlement

ICSID Convention and New York Convention

Germany is a member of both the International Center for the Settlement of Investment Disputes (ICSID) and New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, meaning local courts must enforce international arbitration awards under certain conditions.

Investor-State Dispute Settlement

Investment disputes involving U.S. or other foreign investors in Germany are extremely rare. According to the UNCTAD database of treaty-based investor dispute settlement cases, Germany has been challenged a handful of times, none of which involved U.S. investors.

International Commercial Arbitration and Foreign Courts

Germany has a domestic arbitration body called the German Institution for Dispute Settlement. "Book 10" of the German Code of Civil Procedure addresses arbitration proceedings. The International Chamber of Commerce has an office in Berlin. In addition, chambers of commerce and industry offer arbitration services.

Bankruptcy Regulations

German insolvency law, as enshrined in the Insolvency Code, supports and promotes restructuring. If a business or the owner of a business becomes insolvent, or a business is over-indebted, insolvency proceedings can be initiated by filing for insolvency; legal persons are obliged to do so. Insolvency itself is not a crime, but deliberately late filing for insolvency is.

Under a regular insolvency procedure, the insolvent business is generally broken up in order to release as much money as possible through the sale of individual items or rights or parts of the company. Proceeds can
then be paid out to the creditors in the insolvency proceedings. The distribution of the monies to the creditors follows the detailed instructions of the Insolvency Code.

Equal treatment of creditors is enshrined in the Insolvency Code. Some creditors have the right to claim property back. Post-adjudication preferred creditors are served out of insolvency assets during the insolvency procedure. Ordinary creditors are served on the basis of quotas from the remaining insolvency assets. Secondary creditors, including shareholder loans, are only served if insolvency assets remain after all others have been served. Germany ranks fourth in the global ranking of “Resolving Insolvency” in the World Bank’s Doing Business Report, with a recovery rate of 80.4 cents on the dollar.

**Industrial Policies**

*Investment Incentives*

Federal and state investment incentives – including investment grants, labor-related and R&D incentives, public loans, and public guarantees – are available to domestic and foreign investors alike. Different incentives can be combined. In general, foreign and German investors have to meet the same criteria for eligibility.

Germany Trade & Invest, Germany's federal economic development agency, provides comprehensive information on incentives in English at: www.gtai.com/incentives-programs.

*Foreign Trade Zones/Free Ports/Trade Facilitation*

There are currently two free ports in Germany operating under EU law: Bremerhaven and Cuxhaven. The duty-free zones within the ports also permit value-added processing and manufacturing for EU-external markets, albeit with certain requirements. All are open to both domestic and foreign entities. In recent years, falling tariffs and the progressive enlargement of the EU have eroded much of the utility and attractiveness of duty-free zones.

*Performance and Data Localization Requirements*

In general, there are no requirements for local sourcing, export percentage, or local or national ownership. In some cases, however, there may be performance requirements tied to the incentive, such as creation of jobs or maintaining a certain level of employment for a prescribed length of time.

U.S. companies can generally obtain the visas and work permits required to do business in Germany. U.S. Citizens may apply for work and residential permits from within Germany. Germany Trade & Invest offers detailed information online at www.gtai.com/coming-to-germany.

There are no localization requirements for data storage in Germany. However, in recent years German and European cloud providers have sought to market the domestic location of their servers as a competitive advantage.

*Protection of Property Rights*

*Real Property*

The German Government adheres to a policy of national treatment, which considers property owned by foreigners as fully protected under German law. In Germany, mortgages approvals are based on recognized and reliable collateral. Secured interests in property, both chattel and real, are recognized and enforced. According to the World Bank’s Doing Business Report, it takes an average of 52 days to register property in Germany.

The German Land Register Act dates back to 1897 and was last amended in 2017. The land register mirrors private real property rights and provides information on the legal relationship of the estate. It documents the
owner, rights of third persons, liabilities and restrictions and how these rights relate to each other. Any change in property of real estate must be registered in the land registry to make the contract effective. Land titles are now maintained in an electronic database and can be consulted by persons with a legitimate interest.

**Intellectual Property Rights**

Germany has a robust regime to protect intellectual property (IP) rights. Legal structures are strong and enforcement is good. Nonetheless, internet piracy and counterfeit goods remain an issue, and specific infringing websites are included in the 2018 Notorious Markets List. Germany has been a member of the World Intellectual Property Organization (WIPO) since 1970. The German Central Customs Authority annually publishes statistics on customs seizures of counterfeit and pirated goods. The statistics for 2018 can be found under: https://www.zoll.de/SharedDocs/Broschueren/DE/Die-Zollverwaltung/jahresstatistik_2018.html?nn=287024.

Germany is also a party to the major international intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Universal Copyright Convention, the Geneva Phonograms Convention, the Patent Cooperation Treaty, the Brussels Satellite Convention, the Treaty of Rome on Neighboring Rights, and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Many of the latest developments in German IP law are derived from European legislation with the objective to make applications less burdensome and allow for European IP protection.

The following types of protection are available:

**Copyrights:** National treatment is also granted to foreign copyright holders, including remuneration for private recordings. Under the World Trade Organization (WTO) TRIPS Agreement, Germany also grants legal protection for U.S. performing artists against the commercial distribution of unauthorized live recordings in Germany. Germany signed the World Intellectual Property Organization (WIPO) Copyright Treaty and ratified it in 2003. Most rights holder organizations regard German authorities’ enforcement of intellectual property protections as effective. In 2008, Germany implemented the EU enforcement directive with a national bill, thereby strengthening the privileges of rights holders and allowing for improved enforcement action.

**Trademarks:** Foreigners may register trademarks subject to exactly the same terms as German nationals at the German Patent and Trade Mark Office. Protection is valid for a period of ten years and can be extended in ten-year periods.

**Patents:** Foreigners may register patents subject to the same terms as German nationals at the German Patent and Trade Mark Office. Patents are granted for technical inventions which are new, involve an inventive step, and are industrially applicable. However, applicants having neither a domicile nor an establishment in Germany must appoint a patent attorney in Germany as a representative filing the patent application. The documents must be submitted in German or with a translation into German. The duration of a patent is 20 years, beginning on the day following the invention patent application. Patent applicants can request accelerated examination when filing the application provided that the patent application was previously filed at the U.S. patent authority and that at least one claim had been determined to be allowable. There are a number of differences in patent law that a qualified patent attorney can explain to U.S. patent applicants.

**Trade Secrets:** Both technical and commercial trade secrets are protected in Germany by the Law Against Unfair Competition. According to the law, the illegal passing of trade secrets to third parties – including the attempt to do so – for reasons related to competition, self-interest, the benefit of a third party, or with the intent to harm the business owner, is punishable with prison sentences of up to three years or a monetary fine. In severe
cases, including commercial-scale theft and those that involve passing trade secrets to foreign countries, courts can impose prison sentences of up to five years or a monetary fine.

U.S. grants of IP rights are valid in the United States only. U.S. IPR owners should note that the EU operates on a “first-to-file” principle and not on the “first-inventor-to-file” principle, used in the United States. It is possible to register for trademark and design protection nationally in Germany or with the European Union Trade Mark and/or Registered Community Design. These provide protection for industrial design or trademark in the entire EU market. Both national trademarks and European Community Trade Marks (CTMs) can be applied for from the U.S. Patent and Trademark Office as part of an international trademark registration system (http://www.uspto.gov), or the applicant may apply directly for those trademarks from the European Union Intellectual Property Office (EUIPO) at https://euipto.europa.eu/ohimportal/en/home.

For patents, the situation is slightly different but protection can still be gained via the U.S. Patent and Trademark Office (USPTO). Although there is not yet a single EU-wide patent system, the European Patent Office (EPO) does grant individual European patents for the contracting states to the European Patent Convention (EPC), which entered into force in 1977. The 38 contracting states include the entire EU membership and several additional European countries. As an alternative to filing patents for European protection with the USPTO, the EPO provides a convenient single point to file a patent in as many of these countries as an applicant would like: https://www.epo.org/index.html.

In addition, German law offers the possibility to register designs and utility models.

For additional information about national laws and points of contact at local IP offices, please see WIPO’s country profiles at http://www.wipo.int/directory/en/.

Country resources:

For additional information about how to protect intellectual property in Germany, please see Germany Trade & Invest website at http://www.gta.de/GTAI/Navigation/EN/Invest/Investment-guide/The-legal-framework/patents-licensing-trade-marks.html.

Statistics on the seizure of counterfeit goods are available through the German Customs Authority (Zoll):


Investors can identify IP lawyers in AmCham Germany’s Online Services Directory: https://www.amcham.de/services/overview/member-services/address-services-directory/ (under “legal references” select “intellectual property.”)

Businesses can also join the Anti-counterfeiting Association (APM) http://www.markenpiraterie-apm.de/index.php?article_id=1&clang=1 or the Association for the Enforcement of Copyrights (GVU) http://www.gvu.de.

Financial Sector

Capital Markets and Portfolio Investment

As an EU member state with a well-developed financial sector, Germany welcomes foreign portfolio investment and has an effective regulatory system. Germany has a very open economy, routinely ranking among the top countries in the world for exports and inward and outward foreign direct investment. As a member of the Eurozone, Germany does not have sole national authority over international payments, which are a shared task of the Eurosystem, comprised of the European Central Bank and the national central banks of the 19 member states that are part of the eurozone, including the German Central Bank (Bundesbank). A European framework
for screening of foreign investments, which entered into force in April 2019, provides a basis under European law to restrict capital movements into Germany. Global investors see Germany as a safe place to invest, as the real economy continues to outperform other EU countries and German sovereign bonds retain their “safe haven” status.

Listed companies and market participants in Germany must comply with the Securities Trading Act, which bans insider trading and market manipulation. Compliance is monitored by the Federal Financial Supervisory Authority (BaFin) while oversight of stock exchanges is the responsibility of the state governments in Germany (with BaFin taking on any international responsibility). Investment fund management in Germany is regulated by the Capital Investment Code (KAGB), which entered into force on July 22, 2013. The KAGB represents the implementation of additional financial market regulatory reforms, committed to in the aftermath of the global financial crisis. The law went beyond the minimum requirements of the relevant EU directives and represents a comprehensive overhaul of all existing investment-related regulations in Germany with the aim of creating a system of rules to protect investors while also maintaining systemic financial stability.

Money and Banking System

Although corporate financing via capital markets is on the rise, Germany’s financial system remains mostly bank-based. Bank loans are still the predominant form of funding for firms, particularly the small- and medium-sized enterprises that comprise Germany’s “Mittelstand,” or mid-sized industrial market leaders. Credit is available at market-determined rates to both domestic and foreign investors, and a variety of credit instruments are available. Legal, regulatory and accounting systems are generally transparent and consistent with international banking norms. Germany has a universal banking system regulated by federal authorities, and there have been no reports of a shortage of credit in the German economy. After 2010, Germany banned some forms of speculative trading, most importantly “naked short selling.” In 2013, Germany passed a law requiring banks to separate riskier activities such as proprietary trading into a legally separate, fully capitalized unit that has no guarantee or access to financing from the deposit-taking part of the bank.

Germany supports a worldwide financial transaction tax and is pursuing the introduction of such a tax along with several other Eurozone countries.

Germany has a modern banking sector but is considered “over-banked” resulting in low profit margins and a need for consolidation. The country’s “three-pillar” banking system consists of private commercial banks, cooperative banks, and public banks (savings banks/Sparkassen and the regional state-owned banks/Landesbanken). The private bank sector is dominated by Deutsche Bank and Commerzbank, with balance sheets of €1.35 trillion and €462 billion respectively (2018 figures). Commerzbank received €18 billion in financial assistance from the federal government in 2009, for which the government took a 25 percent stake in the bank (now reduced to 15.6 percent). Deutsche Bank and Commerzbank confirmed in March 2019 that they are in merger talks, with the outcome unclear as of April 2019. A merger of the two institutions would create the Eurozone’s third-largest lender after HSBC and BNP Paribas with roughly €1.9 trillion in assets (USD 2.04 trillion), about 150,000 employees, about one-fifth of the private customers in Germany, but a market value of just €25 billion (USD 28.4 billion). Germany’s regional state-owned banks (Landesbanken) were among the hardest hit by the global financial crisis and were forced to reduce their business activities but have lately stabilized again.

Foreign Exchange and Remittances

Foreign Exchange

As a member of the Eurozone, Germany uses the euro as its currency, along with 18 other EU countries. The Eurozone has no restrictions on the transfer or conversion of its currency, and the exchange rate is freely determined in the foreign exchange market.
German authorities respect the independence of the European Central Bank (ECB), and thus have no scope to manipulate the bloc’s exchange rate. In a February 2019 report, the European Commission (EC) concluded Germany’s persistently high current account surplus – the world’s largest in 2018 at USD 294 billion (7.8 percent of GDP) – “has slightly narrowed since 2016 and is expected to gradually decline due to a pick-up in domestic demand in the coming years whilst remaining at historically high levels over the forecast horizon.” While low commodity prices and the weak euro exchange rate explain some of the surplus’ increase in 2015-2016, the persistence of Germany’s surplus is a matter of international controversy. German policymakers view the large surplus is the result of market forces rather than active government policies, while the EC and IMF have called on authorities to rebalance towards domestic sources of economic growth by expanding public investment, using available fiscal space, and other policy choices that boost domestic demand.

Germany is a member of the Financial Action Task Force (FATF) and is committed to further strengthening its national system for the prevention, detection and suppression of money laundering and terrorist financing. In 2017, Germany’s Financial Intelligence Unit (FIU) was restructured and given more staff. It was transferred to the General Customs Directorate in the Federal Ministry of Finance. At the same time, its tasks and competencies were redefined taking into account the provisions of the Fourth EU Money Laundering Directive. One focus is now on operational and strategic analysis. On June 26, 2017, legislation to implement the Fourth EU Money Laundering Directive and the European Funds Transfers Regulation (Geldtransfer-Verordnung) entered into force. (The Act amends the German Money Laundering Act (Geldwäschegesetz – GwG) and a number of further laws).

There is no difficulty in obtaining foreign exchange.

Remittance Policies

There are no restrictions or delays on investment remittances or the inflow or outflow of profits.

Germany is the sixth-largest remittance-sending country worldwide. Migrants in Germany posted USD 22.09 billion (0.6 percent of GDP) abroad in 2018 (World Bank, Bilateral Remittances Matrix 2018). The most important receiving states for remittances from Germany are EU neighbors such as France, Poland, and Italy. Around USD 8 billion was sent to developing countries, out of which Lebanon, Vietnam, China, Nigeria and Serbia were the biggest receivers. Remittance flows into Germany amounted to around USD 17.36 billion in 2017, approximately 0.4 percent of Germany’s GDP.

The issue of remittances played a role during the German G20 Presidency. During its presidency, Germany passed an updated version of its “G20 National Remittance Plan.” The document states that Germany’s focus will remain on “consumer protection, linking remittances to financial inclusion, creating enabling regulatory frameworks and generating research and data on diaspora and remittances dynamics.” The 2017 “G20 National Remittance Plan” can be found at https://www.gpfi.org/sites/default/files/documents/2017 percent20G20 percent20Financial percent20Inclusion percent20Action percent20Plan percent20final.pdf

Sovereign Wealth Funds

The German government does not currently have a sovereign wealth fund or an asset management bureau. Following German reunification, the federal government set up a public agency to manage the privatization of assets held by the former East Germany. In 2000, the agency, known as TLG Immobilien, underwent a strategic reorientation from a privatization-focused agency to a profit-focused active portfolio manager of commercial and residential property. In 2012, the federal government sold TLG Immobilien to private investors.

State-Owned Enterprises

The formal term for state-owned enterprises (SOEs) in Germany translates as “public funds, institutions, or companies,” and refers to entities whose budget and administration are separate from those of the government, but in which the government has more than 50 percent of the capital shares or voting rights.
Appropriations for SOEs are included in public budgets, and SOEs can take two forms, either public or private law entities. Public law entities are recognized as legal personalities whose goal, tasks, and organization are established and defined via specific acts of legislation, with the best-known example being the publicly-owned promotional bank KfW (Kreditanstalt für Wiederaufbau). The government can also resort to ownership or participation in an entity governed by private law if the following conditions are met: doing so fulfills an important state interest, there is no better or more economical alternative, the financial responsibility of the federal government is limited, the government has appropriate supervisory influence, yearly reports are published, and such control is approved by the Federal Finance Ministry and the ministry responsible for the subject matter.

Government oversight of SOEs is decentralized and handled by the ministry with the appropriate technical area of expertise. The primary goal of such involvement is promoting public interests rather than generating profits. The government is required to close its ownership stake in a private entity if tasks change or technological progress provides more effective alternatives, though certain areas, particularly science and culture, remain permanent core government obligations. German SOEs are subject to the same taxes and the same value added tax rebate policies as their private sector competitors. There are no laws or rules that seek to ensure a primary or leading role for SOEs in certain sectors or industries. Private enterprises have the same access to financing as SOEs, including access to state-owned banks such as KfW.

The Federal Statistics Office maintains a database of SOEs from all three levels of government (federal, state, and municipal) listing a total of 16,833 entities for 2016, or 0.5 percent of the total 3.5 million companies in Germany. SOEs in 2016 had €547 billion in revenue and €529 billion in expenditures. Almost 40 percent of SOEs’ revenue was generated by water and energy suppliers, 13 percent by health and social services, and 12 percent by transportation-related entities. Measured by number of companies rather than size, 88 percent of SOEs are owned by municipalities, 10 percent are owned by Germany’s 16 states, and 2 percent are owned by the federal government.

The Federal Finance Ministry is required to publish a detailed annual report on public funds, institutions, and companies in which the federal government has direct participation (including a minority share), or an indirect participation greater than 25 percent and with a nominal capital share worth more than €50,000. The federal government held a direct participation in 106 companies and an indirect participation in 469 companies at the end of 2016, most prominently Deutsche Bahn (100 percent share), Deutsche Telekom (32 percent share), and Deutsche Post (21 percent share). Federal government ownership is concentrated in the areas of science, infrastructure, administration/increasing efficiency, economic development, defense, development policy, culture. As the result of federal financial assistance packages from the federally-controlled Financial Market Stability Fund during the global financial crisis of 2008-9, the federal government still has a partial stake in several commercial banks, including a 15.6 percent share in Commerzbank, Germany’s second largest commercial bank. The 2017 annual report (with 2016 data) can be found here:


Publicly-owned banks also constitute one of the three pillars of Germany’s banking system (cooperative and commercial banks are the other two). Germany’s savings banks are mainly owned by the municipalities, while the so-called Landesbanken are typically owned by regional savings bank associations and the state governments. There are also many state-owned promotional/development banks which have taken on larger governmental roles in financing infrastructure. This increased role removes expenditures from public budgets, particularly helpful in light of Germany’s balanced budget rules, which go into effect for the states in 2020.

A longstanding, prominent case of a partially state-owned enterprise is automotive manufacturer Volkswagen, in which the state of Lower Saxony owns the fourth-largest share in the company at 12.7 percent share, but controls 20 percent of the voting rights. The so-called Volkswagen Law, passed in 1960, limited individual shareholder’s voting rights in Volkswagen to a maximum of 20 percent regardless of the actual
number of shares owned, so that Lower Saxony could veto any takeover attempts. In 2005, the European Commission successfully sued Germany at the European Court of Justice (ECJ), claiming the law impeded the free flow of capital. The law was subsequently amended to remove the cap on voting rights, but Lower Saxony’s 20 percent share of voting rights was maintained, preserving its ability to block hostile takeovers.

The wholly federal government-owned railway company, Deutsche Bahn, was cleared by the European Commission in 2013 of allegations of abusing its dominant market position after Deutsche Bahn implemented a new, competitive pricing system. A similar case brought by the German Federal Cartel Office against Deutsche Bahn was terminated in May 2016 after the company implemented a new pricing system.

Privatization Program

Germany does not have any privatization programs at this time. German authorities treat foreigners equally in privatizations.

Responsible Business Conduct

In December 2016, the Federal Government passed the National Action Plan for Business and Human Rights (NAP). The action plan aims to apply the UN Guiding Principles for Business and Human Rights for the activities of German companies nationally as well as globally in their value and supply chains. The 2018 coalition agreement for the 19th legislative period between the governing Christian Democratic parties, CDU/CSU, and the Social Democratic Party of Germany (SPD) states its commitment to the action plan, including the principles on public procurement. It further states that, if the NAP 2020’s effective and comprehensive review comes to the conclusion that the voluntary due diligence approach of enterprises is insufficient, the government will initiate legislation for an EU-wide regulation. The government is currently reviewing and evaluating the German companies’ voluntary measures to respect human rights in their business operations under the NAP.

Germany adheres to the OECD Guidelines for Multinational Enterprises; the National Contact Point (NCP) is housed in the Federal Ministry of Economic Affairs and Energy. The NCP is supported by an advisory board composed of several ministries, business organizations, trade unions, and NGOs. This working group usually meets once a year to discuss all Guidelines-related issues. The German NCP can be contacted through the Ministry's website: https://www.bmwi.de/Redaktion/EN/Textsammlungen/Foreign-Trade/national-contact-point-ncp.html.

There is general awareness of environmental, social, and governance issues among both producers and consumers in Germany, and surveys suggest that consumers increasingly care about the ecological and social impacts of the products they purchase. In order to encourage businesses to factor environmental, social, and governance issues into their decision-making, the government provides information online and in hard copy. The federal government promotes corporate social responsibility (CSR) through awards and prizes, business fairs, and reports and newsletters. The government also set up so called “sector dialogues” to connect companies and facilitate the exchange of best practices, and offers practice days to help nationally as well as internationally operating small- and medium-sized companies discern and implement their entrepreneurial due diligence under the NAP. To this end it has created a website on CSR in Germany (http://www csr-in-deutschland.de/EN/Home/home.html in English). The German government maintains and enforces domestic laws with respect to labor and employment rights, consumer protections, and environmental protections. The German government does not waive labor and environmental laws to attract investment.

On the business side, the American Chamber of Commerce in Germany (AmCham Germany) is active in promoting standards of ecological, economic, and social responsibility and sustainability within their members’ entrepreneurial actions in keeping with the UN Sustainable Development Goals, adopted in 2015. AmCham Germany issues publications on selected member companies’ approaches to CSR. Its Corporate Responsibility
Committee serves as a platform to exchange best practices, identify trends, and discuss regulatory initiatives. Other business initiatives, platforms, and networks on sustainable corporate conduct and CSR exist. In addition, Germany’s four leading business organizations regularly provide information on a common CSR internet portal to promote and illustrate companies’ engagement on CSR: www.csrgermany.de.

Social reporting is voluntary, but publicly listed companies frequently include information on their CSR policies in annual shareholder reports and on their websites.

Civil society groups that work on CSR include 3p Consortium for Sustainable Management, Amnesty International Germany, Bund für Umwelt und Naturschutz Deutschland e. V. (BUND), CorA Corporate Accountability – Netzwerk Unternehmensverantwortung, Forest Stewardship Council (FSC), Germanwatch, Greenpeace Germany, Naturschutzbund Deutschland (NABU), Sneep (Studentisches Netzwerk zu Wirtschafts- und Unternehmensethik), Stiftung Warentest, Südwind – Institut für Ökonomie und Ökumene, TransFair – Verein zur Förderung des Fairen Handels mit der „Dritten Welt“ e. V., Transparency International, Verbraucherzentrale Bundesverband e.V., Bundesverband Die Verbraucher Initiative e.V., and the World Wide Fund for Nature (WWF, known as the „World Wildlife Fund“ in the United States).

**Corruption**

Among industrialized countries, Germany ranks 11th out of 180, according to Transparency International's 2018 Corruption Perceptions Index. Some sectors including the automotive industry, construction sector, and public contracting, exhibit political influence and party finance remains only partially transparent. Nevertheless, U.S. firms have not identified corruption as an impediment to investment in Germany. Germany is a signatory of the OECD Anti-Bribery Convention and a participating member of the OECD Working Group on Bribery.

Over the last two decades, Germany has increased penalties for the bribery of German officials, corrupt practices between companies, and price-fixing by companies competing for public contracts. It has also strengthened anti-corruption provisions on financial support extended by the official export credit agency and has tightened the rules for public tenders. Government officials are forbidden from accepting gifts linked to their jobs. Most state governments and local authorities have contact points for whistle-blowing and provisions for rotating personnel in areas prone to corruption. There are serious penalties for bribing officials and price fixing by companies competing for public contracts.

According to the Federal Criminal Office, in 2017, 63 percent of all corruption cases were directed towards the public administration (up from 49 percent in 2016), 22 percent towards the business sector (down from 30 percent in 2016), 12 percent towards law enforcement and judicial authorities (down from 18 percent in 2016), and 3 percent to political officials (same as in 2016).

A prominent corruption case concerns the “BER” Berlin Airport construction project. Proceedings were opened in October 2015 against a manager of the airport operating company. In October 2016, the Cottbus district court sentenced the manager to 3.5 years in prison and a fine of €150,000 (USD 160,000) on the grounds of corruption. Two leading employees of a technical company working on electricity, heating, and sanitary equipment received suspended jail sentences.

Parliamentarians are subject to financial disclosure laws that require them to publish earnings from outside employment. Disclosures are available to the public via the Bundestag website (next to the parliamentarians' biographies) and in the Official Handbook of the Bundestag. Penalties for noncompliance can range from an administrative fine to as much as half of a parliamentarian's annual salary.
Donations to political parties are legally permitted. However, if they exceed €50,000, they must be reported to the President of the Bundestag. Donations of €10,000 or more must be included in the party’s annual accountability report to the President of the Bundestag.

State prosecutors are generally responsible for investigating corruption cases, but not all state governments have prosecutors specializing in corruption. Germany has successfully prosecuted hundreds of domestic corruption cases over the years, including large scale cases against major companies.

Media reports in recent years about bribery investigations against Siemens, Daimler, Deutsche Telekom, and Ferrostaal increased awareness of the problem of corruption. As a result, an increasing number of listed companies and multinationals have expanded their compliance departments, tightened internal codes of conduct, established points of conducts, and offered more ethics training to employees.

The Federation of Germany Industries (BDI), the Association of German Chamber of Commerce and Industry (DIHK) and the International Chamber of Commerce (ICC) provide guidelines in paper and electronic format on how to prevent corruption in an effort to convince all including small- and medium- sized companies to catch up. In addition, BDI provides model texts if companies with two different sets of compliance codes want to do business with each other.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Germany was a signatory to the UN Anti-Corruption Convention in 2003. The Bundestag ratified the Convention in November 2014.

Germany adheres to the OECD Anti-Bribery Convention which criminalizes bribery of foreign public officials by German citizens and firms. The necessary tax reform legislation ending the tax write-off for bribes in Germany and abroad became law in 1999. Germany actively enforces the convention and is increasingly better managing the risk of transnational corruption.

Germany participates in the relevant EU anti-corruption measures and signed two EU conventions against corruption. However, while Germany ratified the Council of Europe Criminal Law Convention on Corruption in 2017, it has not yet ratified the Civil Law Convention on Corruption.

Resources to Report Corruption

There is no central government anti-corruption agency in Germany.

Contact at “watchdog” organization:

Prof. Dr. Edda Muller, Chair
Transparency International Germany
Alte Schonhauser Str. 44, 10119 Berlin
+49 30 549 898 0
office@transparency.de


Political and Security Environment

Political acts of violence against either foreign or domestic business enterprises are extremely rare. Isolated cases of violence directed at certain minorities and asylum seekers have not targeted U.S. investments or investors.

Labor Policies and Practices

The German labor force is generally highly skilled, well-educated, and productive. Employment in Germany has continued to rise for the thirteenth consecutive year and reached an all-time high of 44.8 million in 2018, an increase of 562,000 (or 1.3 percent) from 2017—the highest level since German reunification in 1990.

Simultaneously, unemployment has fallen by more than half since 2005, and reached in 2018 the lowest average annual value since German reunification. In 2018, around 2.34 million people were registered as unemployed, corresponding to an unemployment rate of 5.2 percent, according to the Germany Federal Employment Agency. Using internationally comparable data from the European Union’s statistical office Eurostat, Germany had an average annual unemployment rate of 3.4 percent in 2018, the second lowest rate in the European Union. All employees are by law covered by the federal unemployment insurance that compensates for the lack of income for up to 24 months.

Germany’s national youth unemployment rate was 6.2 percent in 2018, the lowest in the EU. The German vocational training system has gained international interest as a key contributor to Germany’s highly skilled workforce and its sustainably low youth unemployment rate. Germany’s so-called “dual vocational training,” a combination of theoretical courses taught at schools and practical application in the workplace, teaches and develops many of the skills employers need. Each year, there are more than 500,000 apprenticeship positions available in more than 340 recognized training professions, in all sectors of the economy and public administration. Approximately 50 percent of students choose to start an apprenticeship. The government is promoting apprenticeship opportunities, in partnership with industry, through the “National Pact to Promote Training and Young Skilled Workers.”

An element of growing concern for German business is the aging and shrinking of the population, which will result in labor shortages in the future. Official forecasts at the behest of the Federal Ministry of Labor and Social Affairs predict that the current working age population will shrink by almost 3 million between 2010 and 2030, resulting in an overall shortage of workforce and skilled labor. Labor bottlenecks already constrain activity in many industries, occupations, and regions. According to the Federal Employment Agency, doctors; medical and geriatric nurses; mechanical, automotive, and electrical engineers; and IT professionals are in particular short supply. The government has begun to enhance its efforts to ensure an adequate labor supply by improving programs to integrate women, elderly, young people, and foreign nationals into the labor market. The government has also facilitated the immigration of qualified workers.

Labor Relations

Germans consider the cooperation between labor unions and employer associations to be a fundamental principle of their social market economy and believe this has contributed to the country’s resilience during the economic and financial crisis. Insofar as job security for members is a core objective for German labor unions, unions often show restraint in collective bargaining in weak economic times and often can negotiate higher wages in strong economic conditions. According to the Institute of Economic and Social Research (WSI), the number of workdays lost to labor actions increased significantly to 1 million in 2018, compared to 238,000 in 2017. WSI assesses this unusual increase was mostly due to the labor conflict in the metal industry, which resulted in a large number of warning strikes at various companies and plants. However, in an international comparison, Germany is in the lower midrange with regards to strike numbers and intensity. All workers have
the right to strike, except for civil servants (including teachers and police) and staff in sensitive or essential positions, such as members of the armed forces.

Germany’s constitution, federal legislation, and government regulations contain provisions designed to protect the right of employees to form and join independent unions of their choice. The overwhelming majority of unionized workers are members of one of the eight largest unions — largely grouped by industry or service sector — which are affiliates of the German Trade Union Confederation (Deutscher Gewerkschaftsbund, DGB). Several smaller unions exist outside the DGB. Overall trade union membership has, however, been in decline over the last several years. In 2016, about 18.5 percent of the workforce and 26 percent of the whole population belonged to unions. Since peaking at around 12 million members shortly after German reunification, total DGB union membership has dropped to 5.9 million, IG Metall being the largest German labor union with 2.3 million members, followed by the influential service sector union Ver.di (1.9 million members).

The constitution and enabling legislation protect the right to collective bargaining, and agreements are legally binding to the parties. In 2017, over three quarters (78 percent) of non-self-employed workers were directly or indirectly covered by a collective wage agreement, 59 percent of the labor force in the western part of the country and approximately 47 percent in the East. On average, collective bargaining agreements in Germany were valid for 25 months in 2017.

By law, workers can elect a works council in any private company employing at least five people. The rights of the works council include the right to be informed, to be consulted, and to participate in company decisions. Works councils often help labor and management to settle problems before they become disputes and disrupt work. In addition, “co-determination” laws give the workforce in medium-sized or large companies (corporations, limited liability companies, partnerships limited by shares, co-operatives, and mutual insurance companies) significant voting representation on the firms’ supervisory boards. This co-determination in the supervisory board extends to all company activities.

The strong collectively negotiated wage increases in 2018 and the rise of the federal Germany-wide statutory minimum wage to €9.19 (USD 10.32) on January 1, 2019, led to 3.1 percent nominal wage increase, the highest in Germany for eight years.

Labor costs increased by 2.6 percent in 2017. With an average labor cost of €34.10 (USD 42.24) per hour, Germany ranked fifth among the 28 EU-members states (EU average: €26.80/USD 33.20) in 2017. Since the introduction of the European common currency, the increases of the unit labor cost in Germany remained significantly below EU average.

**OPIC and Other Investment Insurance Programs**

OPIC programs were available for the new states of eastern Germany for several years during the early 1990s following reunification, but were later suspended due to economic and political progress which caused the region to “graduate” from OPIC coverage.

**Foreign Direct Investment and Foreign Portfolio Investment Statistics**

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

<table>
<thead>
<tr>
<th>Economic Data</th>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
</table>

75
|------------------------------------------------|-------|------------|-------|------------|--------------------------------------------------|

<table>
<thead>
<tr>
<th>Foreign Direct Investment</th>
<th>Host Country Statistical Source*</th>
<th>USG or International Statistical Source</th>
<th>USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other</th>
</tr>
</thead>
</table>

<table>
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<tr>
<th>U.S. FDI in partner country (USD, stock positions)</th>
<th>2016</th>
<th>€54,810</th>
<th>2016</th>
<th>$107,711</th>
<th><a href="https://apps.bea.gov/international/factsheet/">BEA data available at</a></th>
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</table>

<table>
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<tr>
<th>Host country’s FDI in the United States (USD, stock positions)</th>
<th>2016</th>
<th>€223,813</th>
<th>2016</th>
<th>$372,778</th>
<th><a href="https://apps.bea.gov/international/factsheet/">BEA data available at</a></th>
</tr>
</thead>
</table>

<table>
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<tr>
<th>Total inbound stock of FDI as % host GDP</th>
<th>2016</th>
<th>21.7%</th>
<th>2017</th>
<th>27.2%</th>
<th><a href="https://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Country-Fact-Sheets.aspx">UNCTAD data available at</a></th>
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</thead>
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Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

<table>
<thead>
<tr>
<th>Inward Direct Investment</th>
<th>Outward Direct Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Inward</strong></td>
<td><strong>Total Outward</strong></td>
</tr>
<tr>
<td>$950,837</td>
<td>$1,606,120</td>
</tr>
<tr>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Netherlands</strong></td>
<td><strong>United States</strong></td>
</tr>
<tr>
<td>$181,080</td>
<td>$267,769</td>
</tr>
<tr>
<td>19.0%</td>
<td>16.7%</td>
</tr>
<tr>
<td><strong>Luxembourg</strong></td>
<td><strong>Netherlands</strong></td>
</tr>
<tr>
<td>$164,449</td>
<td>$202,022</td>
</tr>
<tr>
<td>17.3%</td>
<td>12.6%</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td><strong>Luxembourg</strong></td>
</tr>
<tr>
<td>$93,572</td>
<td>$191,449</td>
</tr>
<tr>
<td>9.8%</td>
<td>11.9%</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td><strong>United Kingdom</strong></td>
</tr>
<tr>
<td>$83,299</td>
<td>$149,184</td>
</tr>
<tr>
<td>8.8%</td>
<td>9.3%</td>
</tr>
<tr>
<td><strong>Switzerland</strong></td>
<td><strong>France</strong></td>
</tr>
<tr>
<td>$79,499</td>
<td>$90,077</td>
</tr>
<tr>
<td>8.4%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

"0" reflects amounts rounded to +/- $500,000.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets

Top Five Partners (Millions, US Dollars)

<table>
<thead>
<tr>
<th>Total</th>
<th>Equity Securities</th>
<th>Total Debt Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All Countries</strong></td>
<td>$12,173,972</td>
<td>$1,266,593</td>
</tr>
<tr>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>$680,807</td>
<td>$566,381</td>
</tr>
<tr>
<td>5.6%</td>
<td>44.7%</td>
<td>14.5%</td>
</tr>
<tr>
<td>France</td>
<td>$416,561</td>
<td>$161,234</td>
</tr>
<tr>
<td>3.4%</td>
<td>12.7%</td>
<td>7.0%</td>
</tr>
<tr>
<td>United States</td>
<td>$411,841</td>
<td>$113,430</td>
</tr>
<tr>
<td>3.4%</td>
<td>9.0%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>$277,569</td>
<td>$99,512</td>
</tr>
<tr>
<td>2.3%</td>
<td>7.9%</td>
<td>7.0%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>$211,076</td>
<td>$57,404</td>
</tr>
<tr>
<td>1.7%</td>
<td>4.5%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Ireland</td>
<td>$113,430</td>
<td>$57,404</td>
</tr>
<tr>
<td>9.0%</td>
<td>4.5%</td>
<td>6.4%</td>
</tr>
<tr>
<td>France</td>
<td>$99,512</td>
<td>$99,512</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>$153,672</td>
<td>$153,672</td>
</tr>
<tr>
<td>7.0%</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

Contact for More Information on the Investment Climate Statement

U.S. Embassy
Economic Section
Pariser Platz 2, 14191 Berlin, Germany
+49-(0)30-8305-0
Email: feedback@usembassy.de
Trade & Project Financing

Methods of Payment

The majority of import transactions by German customers, especially those involving large German
distributors, take place under seller-buyer terms, such as the common 30/60/90-day accounts, or payment
against documents. The electronic funds transfer (EFT, equivalent to SWIFT or wire transfers) is the most
popular payment mechanism by which German importers remit payment to their U.S. suppliers is, and is the
fastest and cheapest way to transfer funds. Current technology makes online transfers reasonably secure and
transparent.

The letter of credit is still used in some industry sectors but now covers a fraction of total imports, largely due
to its cost and time requirements as well as the ease in obtaining credit ratings in Germany, which increases
transparency and transactional safety. L/C’s for payments under USD 5,000 are almost unknown in Germany.
U.S. exporters may also encounter Bills of Exchange (Wechsel), usually payable within two or three months,
however this antiquated payment mechanism is also passing from the scene. Cash-in-advance is also rare in
German import payment.

Both private and public credit insurance are available in Germany. Euler Hermes (German), Coface (French)
and Atradius (Dutch) are among the private providers (which also offer ranking and scoring services), and the
main public insurer is the Staatliche Kreditversicherung (Hermes-Bürgschaften), which is administered by
Euler Hermes and is used to cover German exports to countries with high political and country risk.

Overall, German firms continue to enjoy a relatively good reputation for their payment practices and
management of credit. Critical industries for U.S. exporters are construction, furniture, paper and publishing.
Default risk is somewhat higher for firms in unevenly performing eastern Germany. The U.S. Commercial
Service Germany offers the International Company Profile as a tool to help evaluate the creditworthiness of
potential customers or partners and recommends that U.S. exporters consider normal, prudent credit practices
in Germany in all transactions.

The Export-Import Bank of the United States (Ex-Im Bank) is the official export credit agency of the United
States. The Ex-Im Bank's mission is to assist in financing exports of U.S. goods and services to international
markets. The Ex-Im Bank enables U.S. companies -- large and small -- to turn export opportunities into real
sales that help to maintain and create U.S. jobs and contribute to a stronger national economy. The Ex-Im Bank
does not compete with private-sector lenders but instead provides export-financing products which fill gaps in
trade financing. The bank assumes credit and country risks that the private sector is unable or unwilling to
accept and helps to level the playing field for U.S. firms by matching the financing that other governments
provide to their exporters. The Ex-Im Bank provides working capital guarantees (pre-export financing), export
credit insurance, loan guarantees and direct loans (buyer financing), primarily focusing on developing markets
worldwide. For further information on Ex-Im Bank's objective and programs, please see the website.

Banking Systems

Germany has a non-discriminatory, well-developed financial services infrastructure. Although corporate
financing via capital markets is on the rise, Germany's financial system remains mostly bank-based, with bank
loans serving as the predominant form of funding for firms, particularly the small and medium sized
enterprises of Germany's famed Mittelstand.

Germany's universal banking system allows the country's more than 36,000 bank offices not only to take
deposits and make loans to customers but also to trade in securities. There are no reports of a shortage of credit
in the German economy. Credit is available at market-determined rates to both domestic and foreign investors,
and a variety of credit instruments are available. The traditional German system of cross-shareholding among
banks and industry, as well as a high rate of bank borrowing relative to equity financing, allowed German banks to exert substantial influence on industry in the past.

Germany has a modern banking sector but is considered "over-banked," as evidenced by ongoing consolidation and low profit margins. The country's so-called "three-pillar" banking system is made up of private commercial banks, cooperative banks, and the public banks (savings banks or Sparkassen, and the regional state-owned banks, or Landesbanken). German banks' profitability is increasingly under pressure given the very low interest rates, high cost structures and increasing compliance costs as a result of new regulation and supervision.

Private banks control roughly 30% of the market, while publicly owned savings banks partially linked to state and local governments account for 50% of banking transactions, and cooperative banks make up the balance. All three types of banks offer a full range of services to their customers. A state-owned bank, KfW, provides special credit services, including the financing of homeowner mortgages, guarantees to small and medium-sized businesses, financing for projects in disadvantaged regions in Germany and export financing for projects in developing countries.

The private bank sector is dominated by Deutsche Bank and Commerzbank, with a balance sheet total of EUR1.3 billion and EUR462 billion respectively (2018 figures). In efforts to raise capital ratios in advance of new international guidelines (the Basel III agreement), both banks continue to shrink the size of their balance sheets. Commerzbank received EUR18 billion in financial assistance from the federal government in 2009, which gave the government a 25% stake in the bank (now reduced to 15.6%). Merger talks between Deutsche Bank and Commerzbank, a deal that would have created Europe's third-largest bank with €1.8 trillion (c. $2 trillion), failed in April 2019. Experts speculate the failure could open the door for a take-over attempt of Commerzbank by a rival foreign bank. Germany's regional state-owned banks were among the hardest hit by the global financial crisis and continue to face major challenges to their business models. The federal government is currently in the process of winding down several so-called "bad banks" composed of toxic assets of failed banks WestLB (now Portigon AG) and Hypo Real Estate.

Most major U.S. banks are represented in the German market, principally but not exclusively in the city of Frankfurt am Main, Germany's main financial center. A large number of German banks, including some of the partially state-owned regional banks, similarly maintain subsidiaries, branches and/or representative offices in the United States.

Practices regarding finance, availability of capital and schedules of payment are comparable to those that prevail in the United States. There are no restrictions or barriers on the movement of capital, foreign exchange earnings or dividends.

**Foreign Exchange Controls**

The German government imposes no forms of controls on the purchase or sale of foreign currencies.

**US Banks & Local Correspondent Banks**

Bank of America N.A.
Neue Mainzer Straße 52 60311 Frankfurt am Main, Germany
Phone: +49 69 589910
Project Financing

Germany possesses the financial framework and institutions to support the development of large infrastructure projects. However, the volume of project finance operations has been relatively modest in Germany in comparison to other EU countries, particularly the U.K. and France. Although the relatively high debt levels of the German federal government and local authorities would seem to favor this type of financing, difficult economic conditions have also limited anticipated rates of return for potential project finance developers. Other inhibiting factors are Germany’s complex juridical and federal frameworks, which make project-financed works harder to structure than in other countries. Low interest rates and returns on savings have contributed to an improved investment climate. One area that has attracted project finance, including that involving a few U.S. developers and investors, is alternative energy production. Clean and renewable energy projects have gained prominence in Germany, particularly since the decision in 2011 to accelerate the phase-out of nuclear energy by 2022. Measures to phase out coal-fired generation, currently under consideration, would further boost demand for alternative energy projects.

The principal German institutions active in facilitating project finance deals are the state-owned KfW Bank Group (which plays a major role in most industries), commercial banks such as the Commerzbank, and several of the publicly-owned savings banks controlled by state and local governments (Landesbanken) located in northern Germany. The KfW Group includes KfW IPEX-Bank, which supports a consortia with German members to design and finance infrastructure projects in Germany and overseas. Another group member, KfW Development Bank (Förderbank), helps municipalities to finance infrastructure. German insurers are pressing for regulatory changes to enable them to finance infrastructure projects.

Financing Web Resources


Export-Import Bank of the United States

Country Limitation Schedule

OPIC
Trade and Development Agency
SBA's Office of International Trade
USDA Commodity Credit Corporation
U.S. Agency for International Development
European Bank for Reconstruction and Development (EBRD)
U.S. Commercial Service Liaison Office to the EBRD
KfW Bank Group
The German Bankers' Association
Federal Financial Supervisory Authority
Business Travel

Business Customs

Never underestimate the importance of punctuality in German business culture. Arriving five to ten minutes early for important appointments is the norm. Showing up even five to ten minutes after the appointed time is perceived as late; a fifteen-minute variance could be considered impolite. However, if there is a delay, call ahead and explain the situation and late arrival.

Be prepared to make an appointment for most matters. The preferred times for business appointments are between 10:00 a.m. and 1:00 p.m. or between 3:00 p.m. and 5:00 p.m. Avoid scheduling appointments on Friday afternoons, as some offices close by 2:00 p.m. or 3:00 p.m. on Fridays. The business culture in Germany is considered to be hierarchy-based. Therefore, formal introductions and the use of official titles should be respected. Professionalism is highly valued. Acting in a formal and respectful way is important, particularly at first, but following the example of others is a good rule as companies and people can differ. Personal space is important and greetings generally consist of a firm handshake and nod or polite smile. Business dress is generally formal and conservative: suits with ties and conservative dresses or suits for women. Germans generally act and communicate in a straightforward and direct way. This is not meant to be rude but rather to get to the point, and can include honest criticism.

Giving compliments is not part of German business protocol and can often cause embarrassment and awkwardness. Gift giving among business partners and associates is not common and can be viewed as inappropriate. After negotiations or agreements have been successfully concluded, a small gift may be acceptable. When giving gifts, they should not be overly expensive but of good quality. Germans traditionally use: “Wie geht es Ihnen?” [“How are you?”] as a literal question that expects a literal answer, in contrast to the common English usage of “How’s it going?” to simply meaning “Hi”. It may, therefore, be considered strange or superficial to ask the question and keep on moving without waiting for an answer.

Travel Advisory

The State Department has advised to exercise increased caution in Germany due to terrorism. The risk of terror incidents has increased in Germany, much like other European countries, in the past years. Like other countries in the Schengen area, Germany’s open borders with its European neighbors allow for the possibility of terrorist groups entering/exiting the country with anonymity.

For the latest security information, Americans traveling abroad should regularly monitor the State Department’s website, where the current Worldwide Caution Public Announcement, Travel Warnings and Public Announcements can be found. Up-to-date information on security can also be obtained by calling +1-888-407-4747 toll free in the United States, or, for callers outside the United States and Canada, a regular toll line at +1-317-472-2328. These numbers are available from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday (except U.S. federal holidays).

Read the State Department consular information sheet for Germany.

Visa Requirements

A passport that is valid for at least six months beyond the stay is required. A visa is not required for tourist/business stays up to 90 days for U.S citizens within the Schengen Group of countries, which includes Germany. The time of the visit should not exceed 90 days and the visitor must leave the country after this period. Further information on entry visa and passport requirements may be obtained from the German Embassy at 4645 Reservoir Road N.W., Washington, D.C. 20007, telephone +1-202-298-4000, or the German Consulates General in Atlanta, Boston, Chicago, Houston, Los Angeles, Miami, New York, or San Francisco and
on the Internet. Inquiries from outside the United States may be made to the nearest German embassy or consulate.

**Currency**

The currency used in Germany, and other countries within the Eurozone, is the Euro (EUR/€).

Exchange rate from EUR to USD

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.1069</td>
</tr>
<tr>
<td>2017</td>
<td>1.1297</td>
</tr>
<tr>
<td>2018</td>
<td>1.1810</td>
</tr>
<tr>
<td>2019</td>
<td>1.14* Projected</td>
</tr>
</tbody>
</table>

ATMs are as easily found in Germany as they are in North America. They are located at bank branches and in shopping, tourist and other busy areas. Major credit and debit cards, along with all other bank cards carrying the PLUS and NYCE symbols, are universally accepted. When located indoors, you may have to use your card to gain access if the door is locked. The German word for an ATM is Geldautomat.

Credit Cards: Credit cards are not as widely used in Germany as they are in the United States and are not typically used for everyday expenses. However, restaurants, hotels, stores, train stations and other places regularly frequented by tourists will almost always accept them.

[More information on money, bank cards and ATMs](#)

**Telecommunications/Electric**

Mobile phones are based on GSM 800 and 1600 Mhz standards. UMTS/IMT 2000 frequencies are 1900 to 2170 MHz.

Cell or mobile phones, or ‘Handy’ in German, are commonly used. Germany and most of Europe use GSM networks, which some U.S. carriers also use. Most U.S. carriers have international travel packages that include texting, calling and data for better rates rather than roaming without a plan.

The internet is widely accessible in Germany. WIFI is available in most hotels, some public spaces, restaurants, cafes etc.

Power sockets are “Type F”, also known as “Schuko”, and types C and E can also be used. This socket is used in most of Europe and parts of Africa, Asia, and South America. The standard voltage is 230V with a standard frequency of 50Hz.

**Transportation**

Travel by plane, train or car meets international standards, but prices exceed U.S. averages. The number of in-country flights has been picking up and the train stations that dot the country provide sufficient access to nearly all cities (for [train schedules](#)).

Nevertheless, cars are the most popular means of transport, and Germany’s famous highway system is extensive.

Geographic distances are relatively short when compared to the United States, but as Germany is much more densely populated than its European neighbors, it may take a little longer to travel the same distance in Germany than it may take in France or Scandinavia.

Within cities, public transportation as well as private cars or taxis are used. The public transit system which includes trains, trams and buses are generally very reliable and most locations have extensive connections and routes. The [Deutsche Bahn website](#) is the easiest way to navigate means of public transit as well as long
distance trains. Google maps, and other such search engine maps, often offer public transit options when searching for directions and show where the closest stops/stations are.

**Language**

German is the official language. In larger towns and cities, many people can communicate in English, particularly in business settings.

**Health**

Good medical care is widely available. Doctors and hospitals may expect immediate payment in cash for health services from tourists and persons with no permanent address in Germany. Most doctors, hospitals and pharmacies do not accept credit cards.

Medical Insurance: The Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and if it will cover emergency expenses, such as a medical evacuation. U.S. medical insurance plans seldom cover health costs incurred outside the United States unless supplemental coverage is purchased. Therefore, the State Department recommends supplemental insurance to cover any medical issues of evacuation. The State Department recommends being up-to-date on all vaccinations recommended by the U.S. Center for Disease Control and Prevention. If traveling with prescription medication, check with German Government regulations if the medication is legal in Germany, as it could cause issues in German customs. There are no known health risks which travelers must be aware of when visiting Germany. Updates, news, and current information from the WHO can be found here.

**Local Time, Business Hours and Holidays**

- **Central European Time** (CET): UTC/GMT +1 hour
- **Central European Summer Time** (CEST): UTC/GMT +2 hours

See the Export.gov website for German holidays. There are many national holidays, some of which fall on different days depending on the year. German school holidays vary by state and year. More information can be found here.

Business hours vary, but generally begin around 8am-9am and end around 4pm-5pm. Most businesses are closed on Sundays.

**Temporary Entry of Materials or Personal Belongings**

When bringing professional equipment such as electronic goods, cameras and musical instruments into Germany, it is strongly recommended that you first contact the consulate or embassy in your area for customs information. You might also want to consider purchasing an ATA Carnet. The ATA Carnet, which allows for the temporary, duty-free entry of goods into over 50 countries, is issued by the United States Council for International Business by appointment of the U.S. Customs Service.

More details on entry and exit restrictions for individuals and businesses from the German customs office can be found on their website.

Note: Voltage in Germany is 230. Electronic equipment from the United States will require an adaptor.

**Travel Related Web Resources**

U.S. Government Resources:

- Dept. of State: Travel
- Dept. of State: Travel to Germany
State Department Visa Website
Center for Disease Control and Prevention
CDC on Germany
United States Council for International Business
U.S. Customs and Border protection

German Government Resources:
German Embassy and Consulates in the U.S.
German Customs (Zoll)
German Customs Entry Restrictions

Other Resources:
Germany Travel Website
Business Etiquette in Germany
Money, Bank Cards, and ATMS in Germany
Cell Phones in Germany and Europe
Plugs, Sockets, and Outlets in Germany
Deutsche Bahn
World Health Organization International
WHO Germany
Time Zone Information
German National Holidays
German School Holidays