



DOING BUSINESS IN GERMANY

Brought to you by:



Weaver is a Texas-based, national accounting firm providing assurance, tax and advisory services.

Allinial Global is an association of legally independent accounting and consulting firms who share education, marketing resources, and technical knowledge in a wide range of industries. We're independent accounting firms coming together to support the success of independent client companies. We'll go wherever we need in the world to secure the highest quality solutions to our clients' business needs. Allinial Global member firms have the flexibility to find not just a good solution to your business challenges, but the best solution for you - whether it's locally or internationally.

Introduction



CAPITAL: BERLIN



POPULATION

Total Population: 82,927,922

Natural Increase: 0.3%

Density: 237 Inhabitants/km²

Urban Population: 77.3%

Population of main metropolitan areas: Berlin (4,386,551); Hamburg (2,996,750); Munich (2,904,480); Frankfurt (2,525,458); Stuttgart (1,960,286); Cologne (1,914,512); Düsseldorf (1,427,941); Mannheim (1,235,571); Hanover (1,220,106); Nuremberg (1,168,145)

Ethnic Origins: According to German authorities, over 91% of the population is of German origin. The largest ethnic group of non-German origin are the Turkish, comprising over 3% of the population. About 6% of the population is made up of individuals of Greek, Italian, Polish, Russian, Serbo-Croatian and Spanish origin. ([Federal Statistical Office](#)). In 2015, Germany absorbed over one million migrants (more than 1% of its population), primarily from Syria, Iraq and Afghanistan.

Official Language: German.

Other Languages Spoken: Most Germans have a very good knowledge of English. Quite a few of them speak French. Additionally, though less frequently, Italian, Spanish and Russian are also spoken.

Business Language(s): The business languages are German and English.

Religion: Christian 62.5% (Catholic 31.4%, Protestant 31.1%), Muslim 4%, Jewish 0.2%.

National Currency: Euro (EUR)



COUNTRY OVERVIEW

Area: 357,580 km²

Type of State: Germany is a democratic, federal parliamentary republic. The country has 16 states or provinces, which have local governments and legislatures that enjoy considerable decentralisation in relation to the Federal Government.

Type of Economy: High-income economy, OECD member, G8 member.
The leading European power; the world's second largest exporter.

HDI*: 0.916/1

HDI (World Rank): 6/188

Note: () [The HDI](#), Human Development Index, is an Indicator Which Synthesizes Several Data Such as Life Expectancy, Level of Education, Professional Careers, Access to Culture etc.*



TELECOMMUNICATION

Telephone Code:

To call from Germany, dial 00

To call Germany, dial +49

Internet Suffix: .de

Computers: 65.6 per 100 Inhabitants

Telephone Lines: 61.8 per 100 Inhabitants

Internet Users: 84.0 per 100 Inhabitants

Access to Electricity: 100% of the Population

Foreign Trade in Figures

Foreign Trade Indicators	2014	2015	2016	2017	2018
Imports of Goods <i>(million USD)</i>	1,207,041	1,050,025	1,054,891	1,167,035	1,285,722
Exports of Goods <i>(million USD)</i>	1,494,608	1,329,469	1,339,647	1,448,302	1,560,648
Imports of Services <i>(million USD)</i>	329,354	289,475	312,074	321,741	349,650
Exports of Services <i>(million USD)</i>	272,441	247,309	272,738	299,829	325,621

Source: WTO - World Trade Organisation, 2017

[See the latest updates in the Country Profile for Germany.](#)

Latest Update: December 2019

Economic and Political Overview

ECONOMIC OUTLINE

Economic Overview

Germany is the top economic power in Europe and the fourth globally: in 2018, GDP increased by 1.9% according to the IMF. However, data from the Federal Statistics Office (Destatis) show that the growth only reached 1.5%, the country's weakest rate in five years. Positive contributions to growth came mainly from domestic demand and from export revenues, whereas lower car sales and a globally weaker economy were among the factors that slowed down the economy. Growth rates for 2019 and 2020 are forecasted at 1.9% and 1.6%, respectively (IMF).

In 2018, higher tax revenues and lower spending have led to a budget surplus for the fifth consecutive year (1%), also resulting in a contraction of the public debt (59.8% of GDP, compared to 63.9% in 2017; IMF). For 2019, the IMF forecasts a lower budget surplus, at 0.7%. In fact, in the third quarter of 2018 the German economy contracted for the first time in more than three years, mainly due to a decrease in the export revenues in the last months of 2018 in the face of trade tensions between the US and China, concerns over a hard Brexit and a slowdown in the car industry. Moreover, Angela Merkel's government fiscal policies foresee less revenue, tax cuts and more government spending in 2019, a combination that could increase the deficit. Nevertheless, the country's public debt is expected to further decrease down to 56% of GDP, below the 60% target set by the European Union. Inflation – at 1.8% in 2018 – should remain stable in 2019.

Unemployment is expected to fall to 3.4% and 3.3% respectively in 2019 and 2020, from 3.5% in 2018 (IMF). With a GDP per capita (PPP) of USD 50,639, Germany is among the wealthiest countries in the world (World Bank). However, according to data by Destatis, roughly 15.5 million people - around 19% of the country's population - were at risk of poverty or social exclusion (2017, latest data available).

Main Indicators	2017	2018	2019 (e)	2020 (e)	2021 (e)
GDP (<i>billions USD</i>)	3,664.51e	3,951.34e	3,863.34	3,982.24	4,158.66
GDP (<i>Constant Prices, Annual % Change</i>)	2.5e	1.5e	0.5	1.2	1.4
GDP per Capita (<i>USD</i>)	44,334e	47,662e	46,564	47,992	50,149
General Government Balance (<i>in % of GDP</i>)	1.1	1.4e	0.9	1.0	0.7
General Government Gross Debt (<i>in % of GDP</i>)	65.2	61.7e	58.6	55.7	53.1
Inflation Rate (%)	1.7	1.9e	1.5	1.7	1.7
Unemployment Rate (<i>% of the Labour Force</i>)	3.8	3.4e	3.2	3.3	3.4
Current Account (<i>billions USD</i>)	295.75	289.51e	269.14	260.96	259.01
Current Account (<i>in % of GDP</i>)	8.1	7.3e	7.0	6.6	6.2

Source: IMF – World Economic Outlook Database, Latest available data

Note: (e) Estimated Data

Main Sectors of Industry

The German agricultural sector is rather limited: it contributes a mere 0.6% of GDP and employs 1% of the country's workforce (World Bank, 2017). The main agricultural products include milk, pork, sugar beets, potatoes, wheat, barley and cereals. According to the national statistical office Destatis, in Germany there are around 275,000 agricultural holdings, of which the majority are sole proprietorships, meaning that most farmers run their businesses alone or with their families.

The industrial sector amounts to about 27.6% of GDP and employs 27% of the German workforce. Germany is Europe's most industrialized country, and its economy is well diversified: the automotive industry is the country's largest sector, but Germany also retains other specialized sectors, including mechanical engineering, electric and electronic equipment, and chemical products. The industrial activity is concentrated mainly in the states of Baden-Württemberg and North Rhine-Westphalia, where there are more than half of the 1,600 German manufacturing companies identified as global market leaders.

Germany's service sector is a leading employer (71% of the workforce) and contributes to 61.9% of the country's GDP. The sector's growth in recent years was primarily driven by a strong demand for business-related services and by the development of new technologies, which contributed to establishing whole new branches in the tertiary sector. The German economic model relies heavily on a dense network of small and medium-sized enterprises (SMEs), often very open to the international environment.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	1.3	26.9	71.9
Value Added <i>(in % of GDP)</i>	0.8	27.5	61.9
Value Added <i>(Annual % Change)</i>	-1.3	1.6	2.2

Source: World Bank, Latest available data.

Learn more about [Market Analyses about Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Indicator of Economic Freedom

Score: 73,5/100
 World Rank: 24
 Regional Rank: 14

[Economic freedom in the world \(interactive map\)](#)

Source: [2019 Index of Economic Freedom, Heritage Foundation](#)

Business environment ranking

Score: 7.98
 World Rank: 12/82

Source: [The Economist - Business Environment Rankings 2014-2018](#)

Country Risk

See the country [risk analysis](#) provided by [Coface](#).

Sources of General Economic Information

Ministries	Ministry of Finance Ministry of Economic Affairs and Energy Ministry of Economic Cooperation and Development Ministry of Food and Agriculture Ministry of Transport and Digital Infrastructure Ministry of Education and Research
Statistical Office	Federal Statistical Office
Central Bank	Deutsche Bundesbank
Stock Exchange	Deutsche Börse Group
Other Useful Resources	Central Federation of Associations of International Trade Representatives and Agents
Main Online Newspapers	Handelsblatt Frankfurter Allgemeine Zeitung
Economic Portals	German business portal

POLITICAL OUTLINE

Type of State	Germany is a democratic, federal parliamentary republic. The country has 16 states or provinces, which have local governments and legislatures that enjoy considerable decentralisation in relation to the Federal Government.
Executive Power	<p>The Head of Government is the Chancellor, and is elected by absolute majority in the Federal Assembly for a four year term. The Chancellor holds the executive power, which includes implementing the law and managing the everyday business of the country. The Federal Ministers (Council of Ministers) are appointed by the President on the recommendation of the Chancellor.</p> <p>The Head of State is the President and is elected for a five year term by the Federal Convention (which includes the members of the Federal Assembly and an equal number of delegates elected by the provincial legislatures). The role of the President is largely ceremonial.</p>
Legislative Power	The legislative power in Germany is bicameral. The parliament consists of two chambers: the Bundestag (the lower house), currently 709 seats, whose members are elected by universal suffrage combining proportional and direct representation, for a four-year term. The second chamber is the Bundesrat (upper chamber), which has 69 seats, and the members are the delegates of the 16 Länder (regions) of the country for a four-year term. There are no elections for the Bundesrat. Its composition is determined by that of the regional governments. The government is directly or indirectly dependent on the support of parliament, which is generally expressed by a vote of confidence. The Chancellor can not dissolve the Parliament directly, but he can recommend the dissolution to the President in the event of a vote of no confidence in the Bundestag. Legislative power belongs to both the government and parliament. German citizens enjoy considerable political rights.
Main Political Parties	In Germany, parties require at least 5% of the national vote in order to secure parliamentary representation. Although based on a multi-party system, the Christian Democratic Union (CDU) and the Social Democratic Party of Germany (SPD) have historically dominated the political arena.

The major parties include:

- [Christian Democratic Union](#) (CDU): Conservative, Christian Democratic
- [Christian-Social Union](#) (CSU): Conservative, Christian Democratic; Considered the 'sister' of CDU and based in Bayern
- [Social Democratic Party](#) (SPD): Centre-left, Social Democrats
- [Left Party](#): Left-wing
- [Free Democratic Party](#) (FDP): Centre-right
- [Bündnis90/die Gruenen](#): Left, Green
- [Alternative for Germany \(AfD\)](#) : Far-right

Current Political Leaders	President: Frank-Walter Steinmeier (since 19 March 2017) - SPD Chancellor: Angela MERKEL (in German) (since November 2005) - CDU, re-elected for a fourth term in September 2017
Next Election Dates	Presidential: February 2022 Federal Parliament (Bundestag): 2021

Indicator of Freedom of the Press

World Rank: 13/180

Source: [2019 World Press Freedom Index, Reporters Without Borders](#)

Indicator of Political Freedom

Ranking: Free

Political Freedom: 1/7

Civil Liberties: 1/7

[Political freedom in the world \(interactive map\)](#)

Source: [Freedom in the World 2019, Freedom House](#)

Latest Update: December 2019

Trade Profile

FOREIGN TRADE IN FIGURES

Trade represents almost 87% of Germany's GDP (World Bank, 2017), and the country is both the world's third largest importer and exporter. The country is by far the world's largest exporter of automobiles, but it also exports machinery, chemical goods, electronic products, electrical equipment, and pharmaceuticals. Imports include motor vehicles, trailers and semi-trailers, computer, electronic and optical products, machinery and chemical products.

Germany's primary trade partner is the European Union: around 57.8% of German exports and 56% of its imports are traded within the EU (WTO, 2017). At a national level, the US, France and China were the main buyers of German products, while China, the Netherlands and France were the leading countries of origin of German imports (data Comtrade).

For 2017, Germany exported goods worth USD 1,44 billion (an increase of 8.1% year-on-year), importing a total of USD 1,16 billion (+10.6%). The country has a structural trade balance surplus, which resulted to be the highest trade surplus in the world for 2017, reaching USD 281.3 billion (up by 9.9% compared to the previous year; equal to 7.5% of the country's GDP, World Bank). In regards to Germany's big trade surplus, over the past couple of years the European Commission has encouraged Germany to favour internal demand dynamics instead of exports, in order to mitigate the existing 'macroeconomic imbalance' in the EU (as per the Commission rules, EU countries should not have an external trade surplus of more than 6% of their GDP, the one of Germany is around 8%). During 2018, German firms operating in the US and China have been severely affected by the ongoing US-China trade frictions. In response to that, in July 2018 German Chancellor Angela Merkel and Chinese Prime Minister Li Keqiang renewed their commitment to a multilateral trade system and signed commercial deals worth USD 23.6 billion.

Foreign Trade Indicators	2014	2015	2016	2017	2018
Imports of Goods <i>(million USD)</i>	1,207,041	1,050,025	1,054,891	1,167,035	1,285,722
Exports of Goods <i>(million USD)</i>	1,494,608	1,329,469	1,339,647	1,448,302	1,560,648
Imports of Services <i>(million USD)</i>	329,354	289,475	312,074	321,741	349,650
Exports of Services <i>(million USD)</i>	272,441	247,309	272,738	299,829	325,621
Imports of Goods and Services <i>(Annual % Change)</i>	3.9	5.8	4.3	5.2	3.6
Exports of Goods and Services <i>(Annual % Change)</i>	4.8	5.5	2.4	4.9	2.1
Imports of Goods and Services <i>(in % of GDP)</i>	39.0	39.3	38.7	40.3	41.3
Exports of Goods and Services <i>(in % of GDP)</i>	45.6	46.8	46.0	47.4	47.4
Trade Balance <i>(million USD)</i>	291,486	275,592	279,960	285,823	262,433
Trade Balance (Including Service) <i>(million USD)</i>	256,990	254,235	255,681	260,724	238,204
Foreign Trade <i>(in % of GDP)</i>	84.6	86.1	84.7	87.7	88.7

Source: World Trade Organisation (WTO) - 2017; World Bank - 2017

Main Partner Countries

Main Customers <i>(% of Exports)</i>	2018
United States	8.6%
France	8.0%
China	7.1%
Netherlands	6.4%
United Kingdom	6.2%
Italy	5.3%
Austria	4.8%
Poland	4.8%
Switzerland	4.2%
Spain	3.3%

Main Suppliers <i>(% of Imports)</i>	2018
China	9.8%
Netherlands	8.1%
United States	6.1%
France	6.0%
Italy	5.5%
Poland	5.0%
Czech Republic	4.4%
Switzerland	4.3%
Belgium	4.1%
Austria	3.8%

Source: Comtrade, 2017

Main Products

1,562.4 bn USD of products exported in 2018	
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702)	9.9%
Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705, n.e.s.	4.3%
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses incl. those in the form of transdermal administration or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006)	3.6%
Powered aircraft e.g. helicopters and aeroplanes; spacecraft, incl. satellites, and suborbital and spacecraft launch vehicles	1.9%
Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and modified immunological products, whether or not obtained by means of biotechnological processes; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products	1.9%
Machines and mechanical appliances having individual functions, not specified or included elsewhere in this chapter; parts thereof	1.3%

1,292.7 bn USD of products imported in 2018	
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702)	4.8%
Petroleum oils and oils obtained from bituminous minerals, crude	3.5%
Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705, n.e.s.	3.4%
Petroleum gas and other gaseous hydrocarbons	2.6%
Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s.	2.4%
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses incl. those in the form of transdermal administration or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006)	2.2%

1,562.4 bn USD of products exported in 2018	
Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s.	1.2%
Electronic integrated circuits and microassemblies	1.1%
Instruments and appliances used in medical, surgical, dental or veterinary sciences, incl. scintigraphic apparatus, other electro-medical apparatus and sight-testing instruments, n.e.s.	1.0%
Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits, e.g., switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders and junction boxes, for a voltage <= 1.000 v (excl. control desks, cabinets, panels etc. of heading 8537)	1.0%

1,292.7 bn USD of products imported in 2018	
Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals	2.0%
Transmission apparatus for radio-telephony, radio-telegraphy, radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras; still image video cameras and other video camera recorders; digital cameras	1.9%
Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and modified immunological products, whether or not obtained by means of biotechnological processes; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products	1.9%
Electronic integrated circuits and microassemblies	1.5%

Source: Comtrade, 2017

See More Products [More imports \(Intracen Data\)](#)
[More exports \(Intracen Data\)](#)

MAIN SERVICES

258.8 bn USD of services exported in 2016	
Other business services	31.47%
Transportation	20.81%
Travel	14.52%
Computer and information services	11.79%
Royalties and license fees	6.84%
Financial services	5.69%
Insurance services	3.78%
Government services	1.92%
Communications services	1.72%
Construction services	0.74%
Cultural and recreational services	0.70%

286.7 bn USD of services imported in 2016	
Other business services	29.68%
Travel	27.94%
Transportation	21.07%
Computer and information services	9.10%
Royalties and license fees	3.68%
Financial services	2.82%
Insurance services	1.92%
Communications services	1.84%
Cultural and recreational services	0.78%
Construction services	0.66%
Government services	0.53%

Source: United Nations Statistics Division, Latest Available Data

Exchange Rate System

Local Currency	Euro (EUR)
Exchange Rate Regime	Floating exchange regime.
Level of Currency Instability	Very limited exchange risk since the euro is a major currency.
Exchange Rate on :	

Monetary Indicators	2014	2015	2016	2017	2018
Euro (EUR) - Average Annual Exchange Rate For 1 USD	0.78	0.94	0.94	0.89	0.85

Source: The European Central Bank - Latest available data.

TRADE COMPLIANCE

International Conventions	<p>Member of World Trade Organisation</p> <p>Member of OECD</p> <p>Party to the Kyoto Protocol</p> <p>Party to the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora</p> <p>Party to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal</p> <p>Party to the Montreal Protocol on Substances That Deplete the Ozone Layer</p> <p>Party to the Wassenaar Arrangement on Export Controls For Conventional Arms and Dual-Use Goods and Technologies</p> <p>Party of the International Coffee Agreement 2007</p>
Main International Economic Cooperation	<p>Member of the European Union</p> <p>Member of the European Economic Area</p> <p>Multilateral agreements and bilateral agreements with many countries</p>
Party of the ATA Convention on Temporary Admissions and Use of the Carnets	<p>Yes</p> <p><i>As a Reminder, the ATA is a System Allowing the Free Movement of Goods Across Frontiers and Their Temporary Admission Into a Customs Territory With Relief From Duties and Taxes. The Goods Are Covered By a Single Document Known as the ATA Carnet That is Secured By an International Guarantee System.</i></p> <p>Look Up the Other Member Countries And Read the Web Pages of the World Customs Organization Devoted to the ATA Carnet.</p>
Party of the TIR Convention	<p>Yes</p> <p><i>As a Reminder, the TIR Convention and its Transit Regime Contribute to the Facilitation of International Transport, Especially International Road Transport, Not Only in Europe and the Middle East, But Also in Other Parts of the World, Such as Africa and Latin America.</i></p> <p><i>The UNCTAD Website Allows You to Read the TIR Convention, See the List of Member Countries And to Find Further Information.</i></p>
Accompanying Documents For Imports	<p>Goods coming into a country of the European Union from another country in the Community are exempt from Customs duties and Customs formalities. The documents which must accompany goods moving between EU countries are the following:</p> <ul style="list-style-type: none"> - the commercial invoice (at least in duplicate, it must contain the intracommunity VAT

number of the operator who is carrying out the delivery, that of the buyer by which he is identified in the country of delivery, it must mention "VAT exemption, art. 262 b-1 of the CGI")

- the delivery note (not compulsory)
- the sanitary and phytosanitary certificate (for live animals).
- the single administrative document (SAD) for trade with overseas Departments as well as with the Channel Islands and the Canaries.

In the case of temporary export within the EU, the ATA carnet and the Community carnet are no longer necessary. It is enough to keep a register listing the temporary shipments.

Concerning transport, no transport documents are required for intracommunity trade. However, in the case of goods transiting or destined for one of the EFTA countries (Iceland, Norway, Liechtenstein and Switzerland), form T2 should be produced or a copy A (computerized transit). In the same way, goods transiting or destined for the Channel Islands or the Canaries must be accompanied by form T2F.

For a transaction outside the Community, you must add:

- Import licenses
- Certifications
- Single Customs Document (SAD)
- Health certificate

Free Zones There are four free-trade zones in Germany established and operated under EU law: Bremerhaven, Cuxhaven, Deggendorf and Duisburg.

For Further Information [German Customs Bundesministerium der Finanzen](#) (Federal Ministry of Finance)

Non Tariff Barriers As a member of the [European Union](#), Germany abides by the regulations and polices agreed to by all Community members.

There are several limitations to the EU's (generally) liberal foreign trade policy, especially related to agricultural products. While the Common Agricultural Policy ([CAP](#)) exists to favour the development of agriculture within the EU, the intervention mechanisms, subsidies, and quotas have been criticised for their cost to the EU and consumers. Moreover, agricultural products containing Genetically Modified Organisms (GMOs) must be labelled as such on its packaging and the importation of beef that contains artificial beef hormones is prohibited. Other goods- medicines for human use, waste, plants, or live animals- may be prohibited or subject to specific regulation.

Sectors or Products For Which Commercial Disagreements Have Been Registered With the WTO Agricultural products: cereals, bananas, poultry, geographical designation of origin, garlic, salmon, sardines, sugar, wine, corn, coffee, melted cheese, rice. IT materials, films and television programs, merchant vessels, civil aircraft, steel and cotton.

Assessment of Commercial Policy [German commercial policy](#), as seen by the WTO [Barriers to exchanges](#), inventoried by the United States

Learn more about [How to Export to Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

STANDARDS

National Standards Organisations	<p>German Institute for Standardisation DKE German Commission for Electrical, Electronic & Information Technologies of DIN and VDE Association for Electrical, Electronic & Information Technologies</p>
Integration in the International Standards Network	<p>At the European level: - CEN, European Committee for Standardisation - CENELEC, European Committee for Electrotechnical Standardisation - European Telecommunications Standards Institute (ETSI)</p> <p>At the International level: - International Standards Organisation (ISO) - International Electrotechnical Commission (IEC) - International Telecommunication Union (ITU)</p> <p>German standards are often used as the basis for the European standardisation system.</p>
Obligation to Use Standards	<p>The German Institute for Standardization is a private not-for-profit organization which administers and co-ordinates the private sector thanks to the establishment of a voluntary system of standards and of compliance evaluation. As a member of the European Union, Germany applies the European standardization system.</p>
Classification of Standards	<p>CE, DIN, ISO</p>
Assessment of the System of Standardization	<p>The consumer of products for the general public does not focus on standards, although they are perceived as a quality assurance. All household appliances have a standard. What is important is the guarantee period. Standards are, on the other hand, a determining factor for sub-contracted products. Quality standards in the manufacturing process are also a determining factor in sub-contracting.</p>
Online Consultation of Standards	<p>Beuth The on-line catalog of European standards The ISO catalog The IEC catalog</p>
Certification Organisations	<p>German Institute for Standardisation ISO International Organisation for Standardisation Underwriters Laboratories, Inc. VDE - Association for electrical, electronic and information technologies Technischer Überwachungsverein e.V. - TÜV (Technical Inspection Association)</p>
Associations of Standards Users	<p>German Committee of Standards Users</p>

Latest Update: December 2019

Tax System

CORPORATE TAXES

Tax Base For Resident and Foreign Companies Resident and non-resident companies are subject to the same tax treatment. A company is resident for tax purposes in Germany if it is effectively managed or registered in Germany. The place of incorporation is irrelevant. The German law (in line with OECD's provisions) defines a permanent establishment as any fixed business facility serving the corporate purpose.

Tax Rate

Corporate Tax (Körperschaftsteuer)	Standard rate is 15% (15.825% including a 5.5% solidarity surcharge). Effective rate including trade tax (assessed independently by each municipality from 7% to 17.5%) is estimated at about 30-33%.
Trade tax (Gewerbsteuer) - levied on companies and individuals carrying out commercial activities through a subsidiary or a permanent establishment in Germany	A combination of a uniform tax rate of 3.5% (base rate) and a municipal tax rate (<i>Hebesatz</i>). Rates are between 12.6% and 20.3%

Tax Rate For Foreign Companies There is no distinction between German companies and foreign companies. Non-resident companies are only taxed on their Germany-sourced income. Both corporation tax and trade tax are imposed on the taxable income of a foreign company's German branch.

Capital Gains Taxation Capital gains are typically taxed at the same rate as ordinary income at 15% (or 15.825% with the solidarity surcharge). A 95% tax exemption (a 100% exemption with a 5% add-back as a non-deductible business expense) applies to the sale of shares by a company, regardless of how long the participation in the subsidiary has been held. Such an exemption does not apply to banks, financial institutions and finance companies, life or health insurance companies and pension funds.

Main Allowable Deductions and Tax Credits In general, all expenses incurred in the course of business operations are deductible. Germany offers unilateral tax relief, allowing companies to credit foreign taxes paid up to the amount that is subject to domestic tax or to deduct foreign tax as a business expense. Net operating losses up to EUR 1 million can be carried back one year. Losses up to EUR 1 million may be carried forward indefinitely. For net operating losses exceeding EUR 1 million, at least 40% of the taxable income is subject to taxation ('minimum taxation' principle). Deduction of net interest expense is generally limited to 30% tax EBITDA. Start-up and formation expenses are deductible. Bad debts incurred on business activity with unrelated parties are deductible if it is apparent that they are irrecoverable and all attempts to pursue the debt have failed or been abandoned. Donations to charity organizations that respect certain parameters, whether in cash or in kind, are deductible up to the higher of 20% of otherwise net taxable income or 0.4% of the total of sales revenue and wages and salaries paid during the year.

Other Corporate Taxes Municipal taxes (averaging at 14-17%), real property tax (0.35% multiplied by a municipal coefficient), real estate transfer tax (3.5-6.5%) and various environmental taxes are levied.

Other Domestic Resources [Federal Central Tax Office](#)
[Consult Doing Business Website](#), Summary of taxes and mandatory contributions

Country Comparison For Corporate Taxation

	Germany
Number of Payments of Taxes per Year	9.0
Time Taken For Administrative Formalities (Hours)	218.0
Total Share of Taxes (% of Profit)	49.0

Source: Doing Business - 2017.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

ACCOUNTING RULES

Accounting System

Accounting Standards	European companies listed on the stock exchange must establish their annual consolidated accounts on the basis of IAS/IFRS standards. SMEs can use German GAAP (requirements of the German Commercial Code) or, in their consolidated financial statements, IFRS Standards as adopted by the EU.
Accounting Regulation Bodies	DRSC , Deutsches Rechnungslegungs Standards Committee (German Standardisation Bureau)
Accounting Law	The main legal sources of German accounting are: - the Stock Corporation Law of 1965 (AktG) - book III of the German Commercial Code (Handelsgesetzbuch - HGB).
Difference Between National and International Standards (IAS/IFRS)	IFRS Standards are required for all domestic public companies and listings by foreign companies (except in the case of a foreign company whose home jurisdiction's standards are deemed by the EU to be equivalent to the IFRS Standards). IFRSs are not required for SMEs.
Accounting News	International Accounting News on Germany

Accounting Practices

Tax Year	The tax year is 12 months or the period for which accounts are prepared, if shorter. The tax accounting period may not exceed 12 months in total.
Accounting Reports	<p>Unlimited liability companies, partial liability companies (Einzelkaufleute, OHG, KG), and limited liability companies (GmbH and AG) must draw up the following accounting documents:</p> <ul style="list-style-type: none"> - a balance sheet (Bilanz) in the format decreed by the 4th European Directive of 1978, adapted to German law in 1985 - a profit and loss account (Gewinnund Verlustrechnung) <p>Limited liability companies (GmbH and AG) must also draw up the following documents:</p> <ul style="list-style-type: none"> - notes to the accounts (Anhang) - an annual report (Lagebericht) <p>The financial flow table or cash flow table is obligatory only for companies listed on the stock exchange.</p>

Taxpayers are required to maintain their books in Germany, although electronic bookkeeping may be transferred abroad if prior approval is obtained from the tax authorities.

Publication Requirements

The reporting obligations of companies depend on their legal form: small, medium, or large company (as determined according to its balance sheet, net turnover and staff employed).

Limited liability companies (GmbH and AG), with the exception of small companies and groups of companies, must publish annual accounts and have them inspected by an outside auditor.

Unlimited liability companies (except KGaA) have no obligation to publish their accounts or to have them audited.

Large and medium-sized entities (corporations and certain partnerships) must prepare their annual financial statements, together with a management report, within three months from the end of the financial year. For small entities, the period is extended to up to six months and a management report need not be prepared. Small entities are entities that do not exceed two of the following three criteria for at least two consecutive financial years on their balance sheet dates: net turnover of EUR 12 million, total assets of EUR 6 million and an annual average of 50 employees. Listed companies and companies that have issued debt securities as domestic issuers additionally have to prepare a half-yearly financial report covering the first six months of the financial year. The financial statements and the management report of large and medium-sized entities need to be audited by a statutory auditor before they can be adopted by the board or the shareholders. All companies, except certain partnerships, are obliged to publish their financial statements and their management report without delay after presenting them to the shareholders, but not later than 12 months from the end of the financial year, by submitting them electronically to the electronic federal gazette. For listed companies and companies that have issued debt securities as domestic issuers, the time limit for publication is four months from the end of the financial year. Half-yearly financial reports generally must be published within two months after the end of the reporting period and be submitted to the electronic company register. Penalties are imposed if the deadlines are not met.

Accountancy Profession

Accountants

The accountancy services (Book-keeping, accounting, controlling, payroll) and related services can be offered by companies or individuals adhering to one of the following (legally regulated) professions: Public Accountants, Management Accountants, Independent Accountants, Commercial Accountants, etc. A valid business licence is required to provide such services. The type of licence defines the scope of services allowed.

Professional Accountancy Bodies

[WPK - Wirtschaftsprüferkammer](#), Chamber of Auditors
[IDW - Institut der Wirtschaftsprüfer](#), Institute of Chartered Accountants

Member of the International Federation of Accountants (IFAC)

Germany is a member of the International Federation of Accountants (IFAC).

Member of Other Federation of Accountants

Member of the [Federation of European chartered accountants](#).

Audit Bodies The preparation of the annual accounts must take within three months after the end of the financial year for medium and large companies, and within six months later for small companies. You can contact an external auditor: [KPMG](#);

CONSUMPTION TAXES

Nature of the Tax Value Added Tax (VAT), also referred to as Umsatzsteuer (USt) or Mehrwertsteuer (MwSt).

Standard Rate 19%

Reduced Tax Rate Food, public transport, books and magazines, hotels and entertainment and other consumer goods and everyday services receive a reduced rate of 7%. Intra-EU supplies, exports to non-EU countries, cross-border transport of goods to and from non-EU countries are generally zero-rated.

Exclusion From Taxation Certain financial transactions and services, medical services, cultural and educational services as well as transactions covered by property tax are exempted from VAT. Some supplies are zero-rated (intra-EU supplies, exports to non-EU countries and cross-border transports of goods to and from non-EU countries) or tax-exempt (certain financial, insurance and universal postal services; transfers and letting or leasing of immovable property; services related to health and social welfare work; and certain educational and cultural service).

Method of Calculation, Declaration and Settlement VAT is calculated on the selling price and generally levied on supplies of goods and services in Germany, on intra-EU acquisitions and certain imports from outside the EU. Each taxpayer must file an annual return for each calendar year. To obtain a VAT refund, a company must have a tax identity number.

Other Consumption Taxes General insurance premiums also incur a 19% tax (22% for insurance against fire and fire-induced work incapacity). Germany levies several environmental taxes, including those on mineral oil, gas, coal and electricity. A motor vehicle tax is imposed on the ownership of motor vehicles. There are no stamp duties in Germany.

INDIVIDUAL TAXES

Tax Base For Residents and Non-Residents Income tax is payable by German resident individuals on their worldwide income. Non-resident individuals are only required to pay taxes on German-sourced income.

Tax Rate

Personal Income Tax for single taxpayers	Progressive rate from 14% to 45%
From EUR 0 to EUR 8,820	0%
From EUR 8,821 to EUR 54,057	Geometrically progressive rates between 14% and 42%
From EUR 54,058 to EUR 256,303	42%
Above EUR 256,304	45%
Personal Income Tax for married taxpayers	
From EUR 0 to EUR 17,640	0%
From EUR 17,641 to EUR 108,116	Geometrically progressive rates between 14% and 42%
From EUR 108,117 to EUR 512,608	42%

Above EUR 512,608	45%
Solidarity Contribution is added as a mandatory surcharge.	5.5% of the amount of the income tax
Church Tax (applicable to resident members of certain officially recognised German churches)	8 or 9% of the annual income tax liability. It varies according to the district of residence.

Allowable Deductions and Tax Credits Statutory pension contributions (under certain limits), certain private insurance contributions, education (30% of tuition fees, excluding housing, care, and food) and training expenses, alimony, donations (up to 20% of adjusted gross income) and church tax are deductible. Additionally, resident taxpayers are granted personal allowances, as follows:
Employee's allowance EUR 1,000; Investor's allowance (for interest, dividends, and capital gains) EUR 801; Lump sum special expense deduction EUR 36; Child allowance - per child registered in Germany EUR 3,678.

Actual expenses for child care can be deducted up to a maximum of EUR 4,000 per year/child (for children under 14 years or for handicapped children).

Deductions are provided for parents and children with low income (documentary evidence of low income is required), up to EUR 8,820; and for children older than 18 who are being educated in Germany or certain foreign countries, up to EUR 924 per year. A lump sum deduction of EUR 36 for a single person or EUR 72 for married couples is provided without need for proof.

Special Expatriate Tax Regime Germany has signed double taxation agreements with many countries in the world. For more information refer to the [Ministry of Finance](#).

Capital Tax Rate Inheritance and gift tax range from 7% to 50% with conditional exemptions (tax-free amounts between EUR 20,000 and EUR 500,000 apply, depending on the value and the degree of the relationship between donor and beneficiary).
Employees contribute to the social security contributions as follows:

- Pension insurance: 18.7% (50% paid by the employee)
- Unemployment insurance: 2.55% (50% paid by the employee)
- Health insurance: 14.6% (50% paid by the employee - the health funds may levy a supplement, payable by the employee)
- Invalidity insurance: 3.05% (plus a surcharge of 0.25% in some cases)

A small property tax applies, with rates set by the municipalities.

A real estate transfer tax is applied with rates ranging from 3.5 to 6.5% to the transfers of German properties.

DOUBLE TAXATION TREATIES

Withholding Taxes Dividends: 25% (26.375% with solidary surcharge) reduced rate of 15% for foreign investment funds that obtain the "Statusbescheinigung" status certificate pursuant to the new Investment Law that has been in force since 1 January 2018
Interest: 0/25% (26.375%, including the solidarity surcharge; generally only interests paid by banks to residents is subject to a withholding tax)
Royalties: 0 for residents/15% for non-residents (15.825% with solidarity surcharge)

SOURCES OF FISCAL INFORMATION

Tax Authorities [Federal Central Tax Office](#)

[Federal States' Fiscal Authority](#)
[Federal Fiscal Authority](#)
[Federal Customs Administration](#)
[Bundesministerium der Finanzen](#), Website of the Federal Ministry of Finance

Other Domestic
Resources [Tax Information Centre](#)

Learn more about [Service Providers in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Learn more about [Taxes and Accounting in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Legal Environment

BUSINESS CONTRACT

General Observation	The seller's duty as well as the methods of quality control have to be defined in very precise terms.
Law Applicable to the Contract	For more information refer to the business code .
Advisable Incoterms	It is preferable to choose an incoterm FOB or CIF . Avoid EXW , if you do not want to have to take care of the transport in Germany which can be complicated.
Language of Domestic Contract	German
Other Laws Which Can Be Used in Domestic Contracts	If German law is not used, the law of the other contracting party must be chosen.

INTELLECTUAL PROPERTY

National Organisations	The organisation responsible for the protection of intellectual property in Germany is the Deutsches Patent- und Markenamt (DPMA).
Regional Organisations	For patent protection: The European Patent Office . Governing trademarks, designs and models: The Office for Harmonisation in the Internal Market .
International Membership	Member of the WIPO (World Intellectual Property Organization) Signatory to the Paris Convention For the Protection of Intellectual Property Membership to the TRIPS agreement - Trade-Related Aspects of Intellectual Property Rights (TRIPS)

National Regulation and International Agreements

Type of property and law	Validity	International Agreements Signed
Patent PatAnwO (Patent Anwalts Ordnung) 1966	Initial 3 year period of validity	Patent Cooperation Treaty (PCT)
Trademark MarkenG 1995	10 year period of validity	Trademark Law Treaty Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks
Design Industrial Designs		

Type of property and law	Validity	International Agreements Signed
Copyright Copyright	70 years after the death of the author	Berne convention For the Protection of Literary and Artistic Works Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms Rome Convention For the Protection of Performers, Producers of Phonograms and Broadcasting Organizations WIPO Copyright Treaty WIPO Performances and Phonograms Treaty
Industrial Models Industrial Designs	25 years	

LEGAL FRAMEWORK OF BUSINESS

Equity of Judgments

Equal Treatment of Nationals and Foreigners	Germany is a constitutional state. Foreign nationals benefit from the same treatment as that reserved for citizens in legal matters.
The Language of Justice	The legal language is German.
Recourse to an Interpreter	Possible
Legal Similarities	The main source of the law is the Constitution of May 1949 known as the Fundamental Law for the Federal Republic of Germany (which has become the constitution of reunified Germany). The country's judicial system is based on a system of civil law joining together historical concepts and judicial revisions of different legislative acts by the Federal Constitutional Court. Germany has not accepted the obligatory jurisdiction of the ICJ. As it is part of the European Union, its national law is bound to submit to the conditions of Community Legislation.

The Different Legal Codes

General Codes	Penal Code Civil Code Civil procedure Code
Specific codes	Commercial Code

Checking National Laws Online	German Law Journal Bundesrecht.de German Official Gazette German Official Gazette via Makrolog.de Ministry of Justice Database BUND.DE Deutsche Anwalt Portal
-------------------------------	---

- Other Useful Resources [Ministry of Justice](#)
[Legal information](#)
[Legal System](#)
- Country Guides [Ministry of Justice \(in German\)](#)
[Lexadin, German Legislation](#)

Learn more about [Lawyers and Legal in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

The Jurisdictions

Federal Constitutional Tribunal (Bundesverfassungsgericht)	Constitutional matters
Federal Court (Bundesgerichtshof)	Ordinary jurisdiction
Administrative Court	Administrative litigation
Ordinary court	Civil and criminal matters
Labor tribunal	Professional matters
Tax tribunal	Tax litigation
European court of Justice	European matters

Court Officials

- Federal Justice Minister Head of the Judicial branch of the federal government, appointed by the Chancellor
- President of the Federal Constitutional Court Appointed by the Bundesrat
- Public Prosecutor to the Federal Court Appointed by the Minister of Federal Justice
- Minister of Justice of the Lander Consult the [European portal e-justice](#) for more information.
- Judges Professional judges preside over the federal or Länder courts.

Learn more about [Legal and Compliance in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

INTERNATIONAL DISPUTE RESOLUTION

- Arbitration Commercial disputes involving Germany are rare. According to UNCTAD, Germany was challenged three times. If needed, arbitration is a solution for settling disputes. An arbitrator is called in who has to make the final decision.
- Arbitration Law [German Arbitration Act](#)
- Conformity to International Commercial Arbitration Rules Party to the [New York Convention](#) on the Recognition and Enforcement of Foreign Arbitral Awards.
Party to the [Geneva Protocol](#) on Arbitration Clauses.
Party to the [Geneva Convention](#) of the Execution of Foreign Arbitral Awards.
- Appointment of The court of arbitration is composed of an odd number of arbitrators (usually three).

Arbitrators	The arbitrators are chosen by the parties, or the President of the Chamber of arbitration.
Arbitration Procedure	For more information refer to the German Institute of Arbitration .
Permanent Arbitration Bodies	Deutsche Institution für Schiedsgerichtsbarkeit (Sectors Covered: All)

Learn more about [Lawyers and Legal in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Reaching the Consumers

CONSUMER PROFILE

Consumer Profile	<p>The median age of the population is 47.4, the third oldest population in the world. The population is aging, since the median age was 44.3 years in 2010. The number of inhabitants is decreasing, the rate of growth being negative (-0.17%). While 22.8% of the population is under 24 years old, 39.9% is between 25 and 54 years old and 37.3% is over 55 years old. On average in 2017, households are made up of 2 people while 41.8% of households are people living alone, mostly women. The population is 49.4% men and 51.6 women. It is estimated that 12% of the foreign population in Germany while 77.3% of the population lives in urban areas, and the cities of Berlin Hamburg, Munich and Cologne are the most populated. Germany has one of the highest levels of education: 86% of people aged 25 to 54 have completed upper secondary education. Among the active population, 22% work in raw material extraction, and industry, 20% in business organization, accounting, law and administration, 18% in health, social and education, 13% in transport, logistics, protection and security and 12% in commercial services, retail, hotels and tourism.</p>
Purchasing Power	<p>GDP per capita PPP is estimated at 38,635 euros. The median salary is 21,920 euros per year. According to GfK, purchasing power will rise in 2019, by around 3.3%. The average disposable income in Germany is around 20,766 euros a year. Private spending is up at the end of 2018, at around 1.5% per month. The Gini index is 0.31, and fits into European averages. Wage inequalities between men and women have been decreasing since 2014. The median annual salary of a man in Germany is 22,472 euros, while that of women is 21,316 euros. In addition, the risk of poverty rate is higher for women, over 65s and non-Germans. In fact, nationals earn 1.27 times more than foreign residents.</p>
Consumer Behaviour	<p>Germany is a mass consumer society. Before making a purchase, beyond the price, German consumers like to learn as much as possible about other similar products, features, provenance etc. According to some studies, German consumers are among the most demanding in the world. Some consumers are willing to pay more for a better quality product. Consumer confidence is high (above the average for OECD countries) but has decreased in 2018. Online shopping has become the norm in Germany and the country is Europe's largest online market . Consumers are relatively open to the products of international companies. However, local, national and European products may sometimes be preferred. Germans are relatively loyal to brands if its a quality product. About 60% of the population is willing to buy the same brand several times in this case. Social networks are a useful way to learn about products, but also in the discovery process. Comments left by other users can determine a purchase decision. However, due to concerns about data collection by companies, Germans can be passive users of social networks.</p> <p>Environmental awareness is common among German consumers. This is reflected in consumption, with the development of organic products, vegan, using little energy etc. In addition, local product consumption attracts some consumers who are willing to pay more for it. The second-hand market is very widespread in Germany, especially in the big cities, for economic, ecological and social reasons. This translates with the purchase in fripperies, second-hand stores but also with online exchanges. The collaborative economy is widely developed, both with VTC platforms, apartment rentals and carpooling.</p>

Household Consumption Expenditure

Sector	Percentage
Housing, water, electricity, gas and other fuels	23.6%
Transport	14.7%
Various goods and other services	12.7%
Food and non-alcoholic drinks	10.7%
Culture and leisure	9.2%
Furnishings, household equipment, everyday maintenance of the house	6.8%
Hotels and restaurants	5.5%
Health	5.2%
Clothing and shoes	4.8%
Alcoholic beverages, tobacco and narcotics	3.2%
Communication	2.9%
Education	0.9%

Source: [OECD Stats, 2017](#).

Consumer Recourse to Credit

Germany is a country where cash payment is widespread. Debit cards are used and widely accepted, although there are places where only cash is accepted. Credit cards are less common and may be refused in some establishments such as small shops, restaurants and hotels. Household debt to GDP is down in Germany (52.5% of GDP in the second quarter of 2018). Debt is composed of long-term debt (real estate), which is rising, and short-term debts (consumer loans) which are declining. The Germans have about 760 euros of debt per person in 2018. The level of household debt is relatively low compared to other European countries with real estate debt being lower and therefore consumers need for less loans. The majority of loans are provided by banks and traditional banking providers. Loans are used to finance housing, white goods (refrigerators, washing machines, electronic products). The trend should continue in 2019, with an increase in mortgage loans but a slowdown in consumer credit. In the second quarter of 2018, German households contracted 11.8 billion euros of new loans.

Growing Sectors

Leisure and culture, education services, vehicles, catering services, accommodation services, telephony, dishes and household utensils, garden equipment, audio-visual equipment, food and footwear.

Consumers Associations

[VZBV](#) , Federation of German Consumer Associations
[TEST](#) , Product Testing Foundation
[Verbraucher](#) , Consumer Initiative

Population in Figures

Total Population:	82,927,922
Urban Population:	77.3%
Rural Population:	22.7%
Density of Population:	237 Inhab./km ²
Men (in %)	48.9%

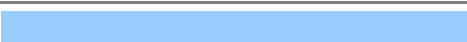

Women (in %)	50.7%
Natural increase:	0.33%
Medium Age:	42.0
Ethnic Origins:	According to German authorities, over 91% of the population is of German origin. The largest ethnic group of non-German origin are the Turkish, comprising over 3% of the population. About 6% of the population is made up of individuals of Greek, Italian, Polish, Russian, Serbo-Croatian and Spanish origin. (Federal Statistical Office). In 2015, Germany absorbed over one million migrants (more than 1% of its population), primarily from Syria, Iraq and Afghanistan.

Population of main metropolitan areas







Name	Population
Berlin	4,386,551
Hamburg	2,996,750
Munich	2,904,480
Frankfurt	2,525,458
Stuttgart	1,960,286
Cologne	1,914,512
Düsseldorf	1,427,941
Mannheim	1,235,571
Hanover	1,220,106
Nuremberg	1,168,145

Source: [OECD](#), 2012 - Latest available data.

Age of the Population

Life Expectancy in Years	
Men:	78.6 
Women:	83.5 

Source: [United Nations, Population division, World Population Prospects: The 2009 revised population database](#), 2009 - Latest available data.

Distribution of the Population By Age Bracket in %	
Under 5:	4.1% 
6 to 14:	9.3% 
16 to 24:	11.2% 
25 to 69:	60.7% 
Over 70:	14.8% 
Over 80:	5.1% 

Source: [United Nations, Department of Economic and Social Affairs, Population Division, Prospects 2010](#)- Latest available data.

Household Composition

Average Age of the Head of the Household	24.0 Years
Total Number of Households (in million)	40.1
Average Size of the Households	2.2 Persons
Percent of Households of 1 Person	39.2%
Percent of Households of 2 Persons	29.0%
Percent of Households of 3 or 4 Persons	23.6%
Percent of Households of 5 Persons and More	3.7%

Source: *Federal Statistics Office, 2007; Trends in Europe and North America, The statistical yearbook of the Economic Commission for Europe 2008, UNECE., 2008 GFK Geomarketing, 2008 Statistics Offices of the Länder and the Federal Statistical Office, 2008 - Latest available data.*

Consumption Expenditure

Purchasing Power Parity	2017	2018	2019	2020 (e)	2021 (e)
Purchasing Power Parity (Local Currency Unit per USD)	0.78	0.77	0.77	0.77	0.77

Source: IMF – World Economic Outlook Database, 2015

Definition: Purchasing Power Parity is the Number of Units of a Country's Currency Required to Buy the Same Amounts of Goods and Services in the Domestic Market as USD Would Buy in the United States.

Note: (e) Estimated Data

Household Final Consumption Expenditure	2016	2017	2018
Household Final Consumption Expenditure (Million USD, Constant Price 2000)	2,045,275	2,072,674	2,099,072
Household Final Consumption Expenditure (Annual Growth, %)	2.3	1.3	1.3
Household Final Consumption Expenditure per Capita (USD, Constant Price 2000)	24,837	25,076	25,312
Household Final Consumption Expenditure (% of GDP)	53.3	53.1	n/a

Source: World Bank, 2015

Consumption Expenditure By Product Category as % of Total Expenditure	2017
Housing, water, electricity, gas and other fuels	23.6%
Transport	14.7%
Miscellaneous goods and services	12.7%
Food and non-alcoholic beverages	10.7%
Recreation and culture	9.2%

Consumption Expenditure By Product Category as % of Total Expenditure	2017
Furnishings, household equipment and routine maintenance of the house	6.8%
Restaurants and hotels	5.5%
Health	5.2%
Clothing and footwear	4.8%
Alcoholic beverages, tobacco and narcotics	3.2%
Communication	2.9%
Education	0.9%

Source: [OECD Stats](#), Latest available data

Information Technology and Communication Equipment, per 100 Inhabitants	2012
Telephone Subscribers	132.3
Main Telephone Lines	61.8
Cellular mobile subscribers	132.3
Internet Users	84.0
PCs	65.6

Source: [International Telecommunication Union](#), Latest available data

MARKETING OPPORTUNITIES

Media in Which to Advertise

Television National or regional impact according to the channel chosen. About 90% of German households is equipped with cable or satellite television. Germans spend an average of over three and a half hours (223 minutes) watching television. Advertising revenue on commercial TV channels was 4.4 billion Euros in 2014.

Main Televisions

[ARD \(Assoc. Of Publ. Broadcasting Of Germany\)](#)

[ARD/MDR-Mitteldeutscher Rundfunk](#)

[DCTP](#)

[Sport 1](#)

[FFF-Franken Funk Und Fernsehen](#)

[Hamburg 1](#)

[Kabel Eins](#)

[N-TV Nachrichten-fernsehen](#)

[Prosieben Media AG](#)

[RTL Television](#)

[Spiegel TV GMBH](#)

[VOX](#)

[WDR](#)

[ZDF \(Zweites Deutsches Fernsehen\)](#)

Press National or regional impact according to the newspaper chosen.

	<p>Main Newspapers Allgemeine Zeitung Bild Zeitung (in german) Frankfurter Allgemeine Zeitung</p>
Mail	<p>Advertising in letter boxes comprises mostly of discounters and supermarket sales. It allows to reach a maximum of consumers, but is often considered junk mail. Be aware that these will most likely be rejected.</p>
In Transportation Venues	<p>It is possible to advertise on 4x3 billboards, on tramways, taxis, huge canvasses on buildings. A large part of mobile consumers is thus reached.</p>
	<p>Market Leaders: Ströer Out-of-Home Media AG Wall AG (in german) awk Aussenwerbung GmbH DSM Zeit und Werbung GmbH blowUP media GmbH</p>
Radio	<p>National impact. Radio is a mass media that connects with consumers all day long. About 80% of people over 14 years of age regularly listen to the radio. Radio advertising revenue is on the increase, with about 780 million Euro in 2017.</p>
	<p>Main Radios Antenne Saar Deutsche Welle Deutschland Radio UnserDing</p>
Web	<p>Is in great expansion. About 88% of German national are connected to Internet. In 2016, they spent an average of over 2 hours a day surfing the net. Internet advertising revenue is on the increase, and benefits from the decrease in printed advertising.</p>
	<p>Market Leaders: Youtube Facebook 1&1 Mail & Media GmbH</p>
Main Advertising Agencies	<p>Carat media agency OMD media agency Mind Share media agency Bader Media agency (in german) Gesamtverband Kommunikationsagenturen GWA e.V</p>

Main Principles of Advertising Regulations

Beverages/Alcohol	<p>Find all the necessary information on the Alkohol und Werbung website. Germany applies the European labelling guidelines regarding health and nutrition claims.</p>
Cigarettes	<p>For years, Germany had a very tolerant approach to the advertising of cigarettes. Since the 29th of December 2006, Germany applies the European Directive on the prohibition of cigarette advertising in printed media, radio and internet. Sponsoring is also prohibited. More information on: DZV Deutscher Zigarettensverband. A revised Tobacco Products Directive has been adopted and must now be transposed into national legislation by the Member States by 2016.</p>
Pharmaceuticals/Drugs	<p>Germany is governed by the "Heilmittelwerbegesetz" (HWG) law, which has been followed European law since 2005. View the list of "Krankheitsliste" illnesses for which</p>

the advertising medicines is authorized. At the EU level, the advertising of medicinal products for human use is regulated by the [Council Directive 2001/83/CE](#) as amended by [Directive 2004/27/CE](#).

Other Rules

The protection of children and the youth applies in particular to foodstuffs and alcoholic beverages. For more information, please visit the [German Advertising Standards Council](#).

Use of Foreign Languages in Advertisement

German. It is possible to use foreign languages.

Organizations Regulating Advertising

[Arbeitsgemeinschaft der Landesmedienanstalten \(ALM\)](#)
[Zentralverband der deutschen Werbewirtschaft e.v. \(ZAW\)](#)
[Der Deutsche Werberat](#)
[European Advertising Standards Alliance \(EASA\)](#)

Learn more about [Sales in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Selling

MARKET ACCESS PROCEDURES

Customs Procedures

Import Procedures	<p>Exporters are required to fill out a DEB (declaration of exchange of goods) or an Intrastate Declaration for all goods from within the European Community that enter Germany at the end of the month.</p> <p>As part of the "SAFE" standards advocated by the World Customs Organisation (WCO), the European Union has set up a new system of import controls- the "Import Control System" (ICS)- which aim to secure the flow of goods at the time of their entry into the customs territory of the EU. This control system, part of the Community Programme eCustoms, has been in effect since 1 January 2011. Since then, operators are required to fill out an Entry Summary Declaration (ENS) to the customs of the country of entry, prior to the introduction of goods into the customs territory of the European Union.</p> <p>In addition to the written customs declaration, an invoice and sometimes a certificate of origin must be joined to imported products. The modernised customs code (MCC), entered into force in 2008, has helped simplify the procedures by introducing, amongst others, a paperless environment and centralizing transactions. However, its substantive provisions will apply only on 1 May 2016. Until this time, the Community Customs Code and its implementing provisions continue to apply.</p> <p>Since 1 July 2009, all companies established outside of the EU are required to have an Economic Operator Registration and Identification (EORI) number if they wish to lodge a customs declaration or an Entry/Exit Summary declaration.</p>
Specific Import Procedures	<p>Various suspensive customs procedures exist, to store, use or process your goods; consult the German Customs website for further information. It is also possible to resort to Customs transit using an external transit certificate (T1).</p> <p>Within the framework of trade inside the EU, some goods remain prohibited or subject to specific formalities (medicines for human use, waste, plants or live animals).</p>
Importing Samples	<p>For the import, export and re-export of commercial samples the ATA (Temporary Admission) carnet can be used. It must be written on the product that it is a free sample and that it may not be sold.</p>

Customs Duties and Taxes on Imports

Customs threshold (from which tariffs are required)	EUR 150
Average Customs Duty (Excluding Agricultural Products)	Trade within the European Union- in goods originating from one of the Member States- is completely free of Customs Duty. Duties for countries outside of the EU are not very high, especially industrial products which have an average general tariff of 4.2%.
Products Having a Higher Customs Tariff	<p>The fabrics and items of clothing (high duties and quotas) and foodstuffs (average duty 17.3% and many tariff quotas, CAP) sectors are still protected.</p> <p>Goods imported from non-EU states are subject to an import turnover tax that is equal to the VAT rates of 19 percent levied on domestic products.</p>

Preferential Rates	Granted to imports from countries with which the European Union has signed trade agreements.
Customs Classification	Practically speaking, the TARIC code (made up of 10 digits) enables Customs duty rates to be defined as well as what Community regulations are applicable when a product is imported from a country which does not belong to the European Union. To find out the Customs duty on a product based on its country of origin, consult the TARIC database .
Method of Calculation of Duties	Ad Valorem tax on the CIF value of the goods.
Method of Payment of Customs Duties	Duty is payable in cash (in Euros, by cheque, by cash money order, by bank transfer); an extension of the time limit for payment may be granted through systems of collection credit or duty credit.
Import Taxes (Excluding Consumer Taxes)	None. A 19% (7% on agricultural products and other exceptions) Import Turnover tax is imposed, aiming at treating equally German products which are subject to a 19% VAT.

Labeling and Packaging Rules

Packaging	<p>Packaging must conform to the European legislation on the prevention of health risks to consumers and the protection of the environment, especially with regards to waste treatment. Packaging in wood or vegetable matter may be subject to a phytosanitary inspection.</p> <p>The CE mark is mandatory in the EU countries for any electrical apparatus. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. For further information, consult the summary of the European legislation concerning product labelling and packaging.</p> <p>On 1st January 2019, the new legislation on packaging entered into force : German Packaging Act 2019 (VerpackG), replacing the Packaging Ordinance. All actors, including online retailers, who bring packaged products (including padding material) onto the German market and which end up as waste with the consumers, are subject to the VerpackG. This German Recycling law covers distributors who put packaging into commercial circulation on the German market for the first time and applies both to national producers and for importers, online dealers, etc. It is not aimed at raising import taxes however and would not impact the total landed costs calculations as such. For more detailed information on the new Packaging Law (VerpackG), you may wish to consult:</p> <p>Packaging Law Overview - VERPACKG German Packaging Act - DerGrünePunkt Packaging Europe.</p>
Languages Permitted on Packaging and Labeling	German. However, English is used to give an international image to a brand. Be careful of confusion! Several studies have shown the difficulties German consumers have in correctly understanding a slogan in English.
Unit of Measurement	Metric system.
Mark of Origin "Made In"	No obligation except for foodstuffs and alcoholic beverages. In practice, the "made in" is a commercial argument and it is present on most products. The Madrid agreement provides for penalties if the information on the country of origin is false.
Labeling Requirements	For more information on Labelling, Packaging and Marking Requirements, please refer to the Hong Kong export promotion's Guide to doing business with the EU . Although non-mandatory, the 'Green Dot' recycling symbol is found on all products sold in Germany.

Specific Regulations European legislation provides for specific labeling rules for certain products such as foodstuffs, household equipment, sportswear, textiles, medicines, chemicals, etc.

DISTRIBUTING A PRODUCT

Distribution Network

Types of Outlet

Kaufhäuser	Non specialized department stores, located in the city center. Kaufhof , Karstadt , Kadewe
Einkaufszentrum	Shopping malls, located in the city center, bringing stores together on areas of 10 000m2 to 50 000m2. Arcaden, Passagen , Carré, center
Textil-Kaufhäuser	Large stores specialized in textiles. Peek&Cloppenburg , H&M , C&A
Fach-Kaufhäuser	Specialized department stores: for example electronics, DIY (Baumarkt) Saturn , Media-Markt , Conrad Electronic , Bauhaus , Obi , Hellweg
Supermärkte	Supermarkets, located in the city center, specialized in foodstuffs. Kaiser , Edeka , Rewe
Getränkemarkt	Supermarkets specialized in beverages, located in the city center. Fristo , Hol'ab
Biosupermärkte	Organic supermarkets, located in the city center LPG-Biomarkt , Bio-Company , Naturkostladen
Märkte	Fruit and vegetable markets, in the city center, open air or covered markets. Markthalle, frische Märkte
Einzelhandel	Small local shops, grocery stores, located in the city center, often selling regional specialties (Turkish, Italian, Greek). Verdi
Discounter	Hard discount stores located in the city center and on the outskirts. Lidl , Aldi , Plus , Netto
Cash & Carry	Hypermarkets and fresh produce markets reserved for professionals. Métro , Frische Paradies , Beussel Markt

Evolution of the Retail Sector

Growth and Regulation With more than 82 million inhabitants, the German market is the largest in European Union (EU), reaching US\$90.1 billion in 2016 - 7.6% growth since 2012. According to Euromonitor, this market should totalize US\$ 103.2 billion in 2021, a 10.3% growth.

Supermarket was the leading channel format in 2016, and the fastest growing channel between 2013 and 2016, especially due to its capacity to adapt to shifting eating habits and social change. On the contrary, hypermarkets stagnated, although they remain popular, especially in more rural and suburban areas, with an extended range of products and attractive prices. It is important to note that non grocery products are gaining share of sales, especially in the hypermarkets, reaching almost 31% of the total sales (about 12% in the supermarket channel), compensating the decline in food consumption.

The German retail food market is characterized by consolidation, market saturation, strong competition and low prices, although there has also been a consumer preference towards smaller grocery formats, including convenience stores, small grocery retailers and independents. In this way, all major grocery retailers have been investing in modernizing their existing stores to fit with this new trend. As a mature channel, grocery retailing in Germany is not expected to see strong growth over the next five years but shall continue to grow steadily, according to the US Food Export Association.

Internet retailing is continuing to gain market within the grocery retailers, although it remains low because of the high density of stores and dominant discounters. In fact, the German shopper is more willing to choose personally its products instead of having someone else doing it for them (Euromonitor).

The main distribution zones are: North Rhine-Westphalia, Baden Wurtemberg, Bavaria, Hamburg, Berlin, Hanover and Leipzig.

Market share

According to Euromonitor, the German distribution structure is characterised by:

- the high level of consolidation of the market
- the large number of small independent shops
- the sector's low level of concentration (as compared with the main European markets such as France, the United Kingdom and Belgium)
- the predominance of distribution in city centers and urban areas
- small number of "hypermarket" style stores, mainly in the suburban and rural areas

German distribution is divided between the following distribution channels: traditional retail trade (24.8%), specialised hypermarkets (22%), non-food chain stores (13%), DIY hypermarkets (11.7%), discounters (11%), supermarkets (7.9%), distance selling (5.8%), department stores (3.8%). (Sources: Ifo-Institut & destatis.)

According to the US Food Export Association, the five leading German distribution groups are Edeka, Rewe, Schwarz Group, Aldi and Metro, which together held 71% of value sales in 2016, according to Lebensmittelzeitung. "Hard discount" is the leading type of food distribution, although all grocery retailers moved on to address the growing product quality needs of German consumers through product and store differentiation as well as the grocery shopping experience as a whole.

The rise of discounters such as [Lidl](#) or [Aldi](#) has forced distributors to wage a price war. As a result, narrow profit margins may slow down the modernisation of sales outlets and the development of new distribution concepts. Relations between distributors and suppliers - already difficult - are said to have become even more strained.

Retail Sector Organisations

[German Retail Business Federation \(German only\)](#)
[Foreign Trade Association of German Retailers](#)

E-commerce

Internet access

With a population of 82 million, Germany is the largest country in Europe and benefits from a strong and stable economic environment. In 2017, revenues in B2C ecommerce recorded a 39% growth in Germany. Internet access is widespread in the country with 89% of the population using the internet (World Bank, 2016). The number of smartphone users in Germany was about 55 million in 2017. Google is the leading search engine in Germany, both on mobile and desktop devices, with Bing and Yahoo the other key players.

E-commerce market

E-commerce is developing at a steady pace in Germany. According to German e-

commerce association Bevh, the market's total revenue in 2017 reached US\$ 63.5 billion and is expected to be US\$ 69.7 billion in 2018. The two biggest online stores in Germany are American giant Amazon and German founded Otto. Berlin based online clothing store Zalando comes in third place. These three actors dominate the e-commerce market in Germany. A few other stores are smaller: Notebooksbilliger, Cyberport, Bonprix, among others. In 2017, consumers bought more frequently and spent more on average than the previous year. 79% of internet users in Germany are considered online shoppers, which is a higher share than ever before. In Germany, 10% of online sales are made with smartphones. The country is the third most active market worldwide in terms of import and export e-commerce, behind the USA and the UK. In Europe, Germany ranks third for B2C online turnover, after the United Kingdom and France. Cross-borders online sales made by Germans come mainly from the USA, the UK and China, and lower prices are among the main reasons to shop from foreign websites. Moreover, Estonia benefits from a privileged relation with Germany as private distributors from both countries have developed business agreements in order to facilitate e-commerce between the two markets.

E-commerce sales and customers

Trust and security are crucial values in Germany. Traditionally, at least for durable goods, Germans will prioritise quality, trust and comfort over price. Thus, a German buyer will preferably visit a store where they can touch and try the product instead of a website. For everyday goods, Germans tend to be very concerned with price and will often seek discounts. For this type of goods, e-commerce represents an opportunity in Germany. Out of the 72 million persons using internet in Germany, more than 70% make purchases online. The profile of the average buyer is a person between 30 and 40 years old living in an urban area. In 2017, the average revenue per user was US\$ 1,251. Even if there are still differences in consumption habits between the western and eastern parts of Germany, e-commerce tends to overpass them. Online purchases in Germany are mostly made in clothing and footwear, books, DVDs and CDs, home electronics and cosmetics. Books are most commonly purchased via mobile devices. Even though computers are the most popular device when it comes to shopping online, mobile commerce is growing steadily in Germany. Smartphones are increasingly popular, with the mobile share of retail e-commerce sales amounting to 38%, making Germany one of the m-commerce leaders in Europe. Most of online purchases are made by credit card or online payment services such as Paypal and e-wallets. However, as mentioned above, trust being very important in Germany, some buyers might be reluctant to use this method of payment and will then prefer paying after the purchase through invoice.

Social media

At least 75% of internet users in Germany have an account on a social media platform and use it frequently. Facebook is by far the most popular social media in Germany, with about 32 million users (38% of the population). Instagram accounts for 9 million active users, according to the company, and is popular with people aged between 14 and 29, but isn't used much by older demographics. So far, Twitter's use has been limited in Germany, with 5.7 million people using it in the country. The German language is made of long words and is very descriptive while Twitter only offers a limited number of characters to communicate. Google+, LinkedIn and Youtube are present in the country as well but there are also homegrown social media platforms, like Xing (the German version of LinkedIn) and StudyVZ (a students' network). It is also important to note that almost 80% of Germans say they use WhatsApp for daily communication.

Direct Selling

Evolution of the Sector

The [European Direct Selling Association \(SELDIA\)](#) shows Germany's direct selling market grew 3.7% in 2017, reaching EUR 14.82 billion and involving 884,932

independent representatives. More than 80% of German enterprises use direct marketing. The most frequently used formats are email and Internet marketing, telephone marketing (31%), direct mail (24%) and catalog sales. In addition, Germans particularly enjoy 'sales parties' at home as a mean to socialize. Companies using direct marketing must follow stringent data protection, consumer protection and advertising laws.

According to [Euromonitor International](#), direct selling is expected to grow despite increased pressure from internet retailing given Germans' appreciation for direct selling consultants. Main products sold directly include housewares, home furnishing, and consumer appliances. Vorwerk was the market leader and Tupperware Deutschland had with modest growth in 2017. Other relevant companies include [Otto, Quelle, Karstadt-Quelle, Neckermann, Klingel, Schwab, Heine, Conrad, and Baur](#).

[Direct Selling Europe](#), the [DDV](#), and the [German DSA](#) also promote best practices in the industry.

Commercial Intermediaries

Trading Companies

Type of Organization	Most of the small and medium sized companies in Germany use third parties or structures to deal independently on the market. The most significant of these are franchises, commercial agents and distributors where big companies use central purchasing agencies.
Main Actors	The main players in the food industry distribution business are Edeka , Rewe , and Aldi . The biggest garment department store is C&A whereas hardware, Obi dominates.

Wholesalers

Type of Organization	There are three types of wholesale markets in Germany: the self-service (Cash and carry) wholesale, wholesale by grouping together orders (Zustellgrosshandel) and the mass wholesale (Grossverbraucherzustelldienst) which is for the big companies' market.
Main Actors	Edeka , Rewe , Aldi Nord , Aldi Sud , Markant (cooperative sale group in supermarket retail) and Metro (Supermarket retailer).

Useful Resources

[Association for the promotion of interests of German wholesale markets](#)
[Federation of German wholesale, foreign trade and services](#)

Using a Commercial Agent

The Advantages	As they are paid on commission, they do not represent a fixed cost.
Where to Be Vigilant	Agents act for several firms and concentrate on the products which sell most easily.
Elements of Motivation	Participation according to turnover.
The Average Amount of Commission	20%
Breach of Contract	Consult an example of a contract here (German only). Council Directive 86/653/EEC establishes certain minimum standards of protection for commercial agents.
Finding a Commercial Agent	Commercial agents' organization

Learn more about [Traders, Agents in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Setting Up a Commercial Unit

The Advantages	Setting up on locally reassures potential customers because it shows a long term commitment.
Where to Be Vigilant	Be careful of fixed costs: rent, wages, cars for sales persons.
Different Possible Forms of Settlement	
A Representative Office	At first sight it is provisional, less difficult to manage in case of withdrawal as it does not come under German law.
A Branch Office	Franchise is the quickest method of forming a company for a foreigner however, it has some inconveniences. In effect, the mother company has complete liability with regard to the operations of the franchise. Specifically significant and large extra operating expenses could be incurred with the tax authorities when calculating taxes and liabilities.
A Company	A company comes under German law. It is more difficult to manage but is more reassuring as far as the customers are concerned.

Franchising

Evolution of the Sector	The German franchising industry generated a turnover of EUR 103.9 billion in 2016, growing by 4.8% vs 2015 (Germany Trade and Invest). Around 950 franchisors operated in Germany in 2016, with about 120,000 independant franchises and 700,000 employed. The franchise system in 2016 was divided as following: 39% in the service sector, 30% in the food service, 22% in the tourism, and 9% in skilled trade.
Some Big Franchises	Quelle , various products Kamps , baker McDonald's , fast food Spar , food Ikea , furniture
For Further Information	German Franchise Federation German Trade and Invest European Franchise Federation

Finding Assistance

Export Trading Companies	German Investment promotion Agency
Recommended Resource	Germany Trade Portal

Learn more about [Sales in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Buying

CUSTOMS PROCEDURES

Export Clearance	There is free movement of goods within the EU. To go out of the EU, Customs clearance is necessary. The Customs clearance office checks the export declaration (which need only be brief), may control the goods and authorizes the collection of the goods. The goods are placed for a period of 20 days maximum (45 days in ports) in warehouses or Customs clearance areas (temporary bond).
Necessary Declaration	The Customs declaration must contain information on the origin of the goods, the Customs tariff and Customs valuation of the goods.
Restrictions	It is only prohibited to export cultural artefacts, specimens of flora and fauna which are threatened with extinction and war material, arms, munitions and such like.
Export Taxes	None

INDUSTRIAL AND MANUFACTURING PROFILE

Type of Production	Aerospace, Automotive, Chemical, Communications Technology, Contact Centre, Electronics, Food and Beverage, Healthcare, Logistics, Machinery and Equipment, Nanotechnology, Renewable Energies and Resources, Tourism.
--------------------	--

Type of Manufacturers

Original Equipment Manufacturers	The car manufacturing industry can be cited with Volkswagen , Audi , BMW or even Bosch for supplying of technology and services in the areas of automotive, industrial technology, consumer goods, and building technology. However, German legislation is very strict with regard to software as Germany legislated that software cannot be granted an OEM license so as to allow it to be sold as computer equipment.
Original Design Manufacturers	Comprises of a company that manufactures a product which in actual fact is sold under the brand of another company.
Subcontractors	The cost of labor in Germany is too high to enable it to be competitive in this type of business relationship. Nevertheless, in some particular cases inside the country, big companies use smaller companies which are in the same sector and who are chosen as sub-contractors on the same projects.
Useful Resources	Federation of German Industries - BDI

IDENTIFYING A SUPPLIER

Business Directories

Multi-sector Directories	ABC der deutschen Wirtschaft - Directory of German companies. All.biz - Germany - Directory of companies in Germany. Export Import Deutschland - German business directories. Flix.de - Business directory in Germany. Gelbe Seiten - Find a business in Germany. German Business Directory - Doing business in Germany Germany Business Hub - Germany's business directory.
--------------------------	--

[Germany Business Hub](#) - Germany's business directory.
[Gewerbeverzeichnis Deutschland](#) - German business directory.
[MacRAE'S Blue Book](#) - Business directory with detailed information of companies in Europe.
[Verbaende.de](#) - Austria's business directory.
[Wer liefert was?](#) - Leading supplier search engine in B2B: manufacturers, service providers and distributors in Germany.

Marketplaces

Domestic Marketplaces [BerlinKauf](#)
[German Business Hub](#)

Other Useful Resources

Trade Agencies and Their Representations Abroad [American Chamber of Commerce in Germany](#)
[The German Chambers of Industry and Commerce](#)
[Investment promotion agency in Shanghai and Beijing](#)
[Investment promotion agency in Chicago, New York, San Francisco and Washington.](#)
[Investment promotion agency in Chicago, New York, San Francisco and Washington.](#)

Fairs and Trade Shows [AUMA](#)

Learn more about [Service Providers in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

CONTROLLING THE QUALITY OF THE PRODUCTS

Quality Control Organizations [German Bureau of Standards](#)

ORGANIZING GOODS TRANSPORT TO AND FROM GERMANY

Main Useful Means of Transport Road transport is the main means used for goods- while 2,767 million tonnes of goods are transported by road each year in Germany, only 268 million tonnes are transported by sea.

A tariff on industrial vehicles with a gross weight over 12 tonnes on motorways has been in force since 1995. The tariffs are set per day, week, month or year and consist of a subscription which entitles the driver to a certificate which must be presented.

By Sea

Ports [Port of Hamburg](#)
[Port of Bremen](#)
[Port of Rostock](#)
[Port of Lübeck](#)
[Port of Kiel](#)
[Port of Wilhelmshaven](#)

Transport Professionals	DHL Maersk Schenker
Government Transport Organisations	Ministry of Transport

By Air

Airports	Berlin Airport
Transport Professionals	List of German airline companies
Government Transport Organisations	German Civil Aviation

By Road

Transport Professionals	Schenker DHL TNT (German only)
Government Transport Organisations	DEGES (German only)

By Rail

Transport Professionals	DHL Fedex UPS Schenker
Government Transport Organisations	Federal Railway Authority

Learn more about [Sourcing in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Operating a Business

LEGAL FORMS OF COMPANIES

Gesellschaft mit beschränkter Haftung (GmbH): limited liability company	Number of partners: No minimum: one or more partners. Capital (max/min): EUR 25,000 minimum with at least half fully paid up at the creation of the company. Shareholders and liability: Liability is limited to the amount of capital contributed by all shareholders.
Aktiengesellschaft (AG): public limited company	Number of partners: No minimum: one or more partners. Capital (max/min): EUR 50,000 minimum with at least one quarter fully paid up at the creation of the company. Shareholders and liability: Liability is limited to the amount of capital contributed by all shareholders.
Offene Handelsgesellschaft (OHG): general partnership	Number of partners: Minimum: two; no maximum. Capital (max/min): No minimum capital. Shareholders and liability: Liability is joint and indefinite on the obligations and debts of the company.
Kommanditgesellschaft (KG): limited joint-stock partnership	Number of partners: Minimum: two; no maximum. There are two types of partners: active partners and silent partners. Capital (max/min): EUR 500. Shareholders and liability: The liability of active partners is personal and indefinite. The liability of silent partners is limited to the amount of capital contributed.
Enterprises Federation	Bundesverband der Deutschen Industrie e.V., BDI - Federation of German Industries
Find a Company or a Financial Report	Handelsregister , Common register portal of German Federal States Ebundesanzeiger , in English

BUSINESS SETUP PROCEDURES

Setting Up a Company	Germany
Procedures (number)	9.00
Time (days)	8.00

Source: *Doing Business*.

For Further Information	Doing Business Website , Information related to procedures to start a business in Germany Judicial Register of the Federal States Company Register
The Competent Organisation	The Common register portal of the German federal states .

Recovery Procedures

Principle	With 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 even of 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](#).

Bankruptcy Laws [Insolvency Code](#).

THE ACTIVE POPULATION IN FIGURES

	2012	2013	2015
Labour Force	44,010,000	44,200,000	45,040,000

Source: CIA - The World Factbook

	2015	2016	2017
Total activity rate	60.34%	60.27%	60.15%
Men activity rate	67.11%	66.96%	66.79%
Women activity rate	54.53%	54.53%	54.48%

Source: ILO, Laborstat - Yearly Statistics

Employed Persons, by Occupation (% of Total Labour Force)	2015
Manufacturing	19.3%
Wholesale and retail trade; repair of motor vehicles and motorcycles	14.1%
Human health and social work activities	12.7%
Public administration and defence; compulsory social security	6.9%
Construction	6.8%
Education	6.6%
Professional, scientific and technical activities	5.5%
Administrative and support service activities	5.0%
Transportation and storage	4.9%
Accommodation and food service activities	3.9%
Financial and insurance activities	3.1%
Information and communication	3.0%
Agriculture, forestry and fishing	1.4%
Arts, entertainment and recreation	1.4%
Electricity, gas, steam and air conditioning supply	0.8%
Water supply; sewerage, waste management and remediation activities	0.6%
Real estate activities	0.5%
Mining and quarrying	0.2%

Source: ILO, Laborstat - Yearly Statistics

WORKING CONDITIONS

Opening Hours

Legal Weekly Duration	Maximum of 48 hours a week
Maximum Duration	An employee work day should not technically be more than 8 hours a day. The time schedule can be increased to 10 hours only if in the period of 6 months or 24 weeks an average of 8 hours a day has not been exceeded.
Night Hours	At least 2 hours worked between 11 pm and 6 am..
Working Rest Day	Employees are not allowed to work on Sundays and public holidays. But there are exceptions according to the branch of activity.
Paid Annual Vacation	20 days
Retirement Age	67 years old
Child Labour and Minimum Age For Employment	In Germany, the minimum age one can start working is 18 years old.

THE COST OF LABOUR

Pay

Minimum Wage	<p>EUR 1.440 per month (source ILO, 2016, lastest available data). According to the data from Eurostats, the minimum wage is EUR 1 498 per month in 2018.</p> <p>NB: Since January 2015, the federal government has agreed to introduce a statutory minimum wage, valid throughout the country. This amounted to EUR 8.84 per hour in December 2017. In addition, some trades have, in practice, a minimum wage since July 2007: Construction work (EUR 8.40 to 12.40 per hour), roofing (EUR 10 per hour), painting (EUR 7.15 to EUR 10.73 per hour), demolition (EUR 8.80 to EUR 11.60 per hour), cleaning (6.36 to 7.00) EUR 87 per hour), electricity (EUR 7.70 per hour for East Germany and EUR 9.20 per hour in West Germany), health staff since 2010 and possible future minimum wage for temporary workers.</p>
Average Wage	Gross average monthly wage: EUR 4,078 (source: ILO, 2011 - lastest available data).
Other Forms of Pay	
Pay For Overtime	There is no obligation, it depends on sectorial agreements and individual negotiations. Overtime may be compensated for financially or by extra days of vacation.
Pay For Rest Days Worked	To be negotiated.
Pay For Night Hours	In practice compensated for, but it depends on the sector.
Pay For Overtime at Night	According to the sector and negotiations.

Social Security Costs

The Areas Covered	Health insurance (medical care, maternity, disability, death), retirement pensions, family allowances, unemployment benefit.
Contributions	<p>Contributions Paid By the Employer:</p> <p>Approximately 20.5% of employee's gross wages:</p> <ul style="list-style-type: none"> Pension (9.35%), Health (7.3%), Unemployment (1.5%), Nursing care (1.275%), Accident insurance (1.22%). <p>Contributions Paid By the Employee:</p> <p>Social security contributions are generally shared equally by employer and employee. Employees pay approximately 19.3% of gross wages:</p> <ul style="list-style-type: none"> Pension (9.35%), Health (7.3%), Unemployment (1.5%), Nursing care (1.275%).
Competent Organization	Invest in Germany - Social Security System Federal Ministry of Labour and Social Affairs

MANAGEMENT OF HUMAN RESOURCES

Recruitment

Method of Recruitment	By adverts in the national press (FAZ, die Zeit), in the regional press, by head hunters (Michael Page, Manpower, Arbeitsagentur), by job centers.
Recruitment Agencies	Job centers.
Recruitment Websites	Job scout Monster Jobpilot Manpower National Daily FAZ

The Contract

Type of Contract	<p>Employment contracts are usually open-ended, with a trial period that may not exceed six months.</p> <p>Employment contracts may also be fixed term, which can be renewed a maximum of three times and may last for a maximum duration of two years.</p>
------------------	---

Breach of Contracts

Dismissals	<p>Termination by the employer can be done under different conditions:</p> <ul style="list-style-type: none"> - Redundancy either individual or of a group - Termination because of professional misconduct, absenteeism or end of seasonal employment
Other Possible	- Because of reasons tied to the person.

Methods

Labour Laws

[Labor Law](#)
[Labor Law](#)
[Law on the work hours](#)
 Consult [Doing Business Website](#), to obtain a summary of the labour regulations that apply to local enterprises

Dispute Settlement

Conciliation Process

Cases of Dispute Work Conditions, unfair dismissal, sexual and moral harassment, verbal violence and physical violence

Procedure [Labor law \(first section\)](#), [Labor law \(second section\)](#)

Judicial Structures

Legal Framework A social conflict is deemed to be present when a collective labor agreement has expired or when salary negotiations have failed. For more information, refer to the [Labor law](#)

Competent Legal Body See the [Labor law \(first section\)](#) and the [second section](#)

Social Partners

Social Dialogue and Involvement of Social Partners Unions are strong throughout Germany, but the eastern side of Germany is more union-oriented than the west. The overwhelming majority of union members are part of eight unions, each grouped by industry or service sector. They are each affiliates of the [German Trade Union Federation \(DGB\)](#), which counted 6.3 million members in 2009.

At the company level, works councils represent the interests of workers vis-à-vis their employers. German labour unions are generally constructive in their cooperation with employers, as securing jobs is one of the unions' core objectives.

Since 2012, Germany experienced a considerable rise in the number of strike days, as labour unions sought greater benefits from Germany's strong economic recovery.

Unionisation Rate 21%

Unions [DGB](#)
[Verdi](#)
[IG Metall](#)

Regulation Bodies [Ministry of Agriculture](#)
[Deutscher Bauernverband](#)
[BOLW](#)

Learn more about [Operating a Business in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Investing

FDI IN FIGURES

Germany is considered an attractive country for foreign direct investment (FDI), but the global recession and subsequent Eurozone crisis have hampered the influx of FDI in recent years. In 2018, FDI inflows in Germany decreased by 30% to the previous year to reached around USD 25.7 billion. This is mainly due to uncertainty caused by the Brexit and US tax reforms, a tight labour market, as well as the stagnation in the automotive industry. According to the [2019 World Investment Report by UNCTAD](#), the country has become the world's 11th top economy in terms of inflows in 2017, but is no longer in the top 20 in 2018. FDI stock also decreased in 2018, reaching USD 939 billion (23.5% of GDP). FDIs in Germany are mostly owned by the Netherlands, Luxembourg, the US and the UK, which represent more than half of the total stock. Switzerland, France, Italy, Belgium, Austria, Japan, Spain and Denmark are also investing in the country. Investments are mainly oriented towards professional, scientific and technical services, finance and insurance, real estate, information and communication, manufacturing and trade. Nevertheless, Germany remains a net capital exporter: in 2017 FDI outflows rose by 60% to USD 82 billion, with a total stock of USD 1,607 billion.

Among the country's strengths are a highly powerful and diversified industrial network, a highly skilled workforce with a good command of English, reliable infrastructure, a favorable social climate, a stable legal framework and a location at the heart of Europe. Its main weakness are a high tax rate (for both individuals and businesses) and rather inflexible labor laws. The World Bank ranked Germany 24th out of 190 countries in its [2019 Doing Business report](#) (losing four positions compared to the previous year).

Foreign Direct Investment	2016	2017	2018
FDI Inward Flow <i>(million USD)</i>	23,500	36,931	25,706
FDI Stock <i>(million USD)</i>	794,527	957,444	939,033
Number of Greenfield Investments***	1,133	1,175	691
FDI Inwards <i>(in % of GFCF****)</i>	1.4	n/a	n/a
FDI Stock <i>(in % of GDP)</i>	22.2	n/a	n/a

Source: UNCTAD, Latest available data.

Note: * The UNCTAD Inward FDI Performance Index is Based on a Ratio of the Country's Share in Global FDI Inflows and its Share in Global GDP. ** The UNCTAD Inward FDI Potential Index is Based on 12 Economic and Structural Variables Such as GDP, Foreign Trade, FDI, Infrastructures, Energy Use, R&D, Education, Country Risk. *** Green Field Investments Are a Form of Foreign Direct Investment Where a Parent Company Starts a New Venture in a Foreign Country By Constructing New Operational Facilities From the Ground Up. **** Gross Fixed Capital Formation (GFCF) Measures the Value of Additions to Fixed Assets Purchased By Business, Government and Households Less Disposals of Fixed Assets Sold Off or Scrapped.

FDI STOCKS BY COUNTRY AND INDUSTRY

Main Investing Countries	2017, in %	Main Invested Sectors	2017, in %
The Netherlands	19.0	Manufacturing	27.7
Luxembourg	17.2	Wholesale and retail trade, maintenance	10.7
United States	9.8	Financial and insurance activities	9.6
United Kingdom	8.7	Information and Communication	6.6
Switzerland	8.3		

Main Investing Countries	2017, in %
France	6.5
Belgium	4.4
Italy	3.9
Austria	3.4
Japan	3.0
Spain	2.1
Sweden	2.1

Main Invested Sectors	2017, in %
Real estate	5.3
Administrative and support service activities	3.2

Source: [OECD Statistics](#) - Latest available data.

Form of Company GmbH
 Preferred By Foreign Investors
 Form of Establishment Distributors, commercial agents.
 Preferred By Foreign Investors
 Main Foreign Companies [Ford, General Motors, Exxon Mobil, Sony, Toshiba \(German\), Total.](#)
 Sources of Statistics [German statistics office](#)

WHAT TO CONSIDER IF YOU INVEST IN GERMANY

Strong Points

Germany's strengths for FDI are:

- Strategic location in the centre of Europe
- Political stability and a good anchor in international relations
- The largest population of the European Union
- Infrastructure among the most developed in the European Union
- Strong manufacturing basis (almost a third of the GDP)
- Strong exports (high range products and diversified clients)
- Advanced technology and expertise
- Highly qualified work force
- Consolidated public finances
- Competitive taxation.

Weak Points

Germany's weaknesses for FDI are:

- Eastern part of the Germany (former DDR) is struggling to catch up with the western part in many areas
- Ageing population weighs heavily on growth
- German economy is highly dependant on exports, especially to China
- Ageing infrastructure
- Unproductive service sector
- Insufficient infrastructure for development of start-ups
- A low investment/GDP ratio
- Lack of engineers

Government Measures to Motivate or Restrict Germany distinguishes itself with a business climate compliant with international standards and with transparency of its judicial system. The German Government is

FDI implementing measures aimed at encouraging investments including:

- Funding from the European Union and/or from German federal entities
- Aid aimed specifically at the initial investment phase but also at the operational phase of the project
- Favourable incentives for investments into research and development

In 2013, the Capital Investment Code replaced the German Foreign Investment Act. The Foreign Trade and Payments Act and Ordinance were also amended.

The German government can check and validate investment projects when these investments are in sensitive sectors. In practice, these cases are rare.

PROTECTION OF FOREIGN INVESTMENT

Bilateral Investment Conventions Signed By Germany Germany has signed bilateral agreements with numerous countries. To see a list of participating countries, [consult UNCTAD website](#).

International Controversies Registered By UNCTAD Germany is in a controversy situation with India because of the [Ashok Sancheti](#), with the [Czech Republic](#) in the of the forest and with [Ukraine](#) for an oil tanker litigation.

Organizations Offering Their Assistance in Case of Disagreement [ICCWBO](#) , International court of arbitration, International chamber of commerce [ICSID](#) , International Center for settlement of Investment Disputes

Member of the Multilateral Investment Guarantee Agency Germany is a signatory to the Convention of the [MIGA](#).

Country Comparison For the Protection of Investors

	Germany
Index of Transaction Transparency*	5.0
Index of Manager’s Responsibility**	5.0
Index of Shareholders’ Power***	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

PROCEDURES RELATIVE TO FOREIGN INVESTMENT

Freedom of Establishment Yes. The German Government and industry organisations actively encourage foreign investment in Germany. Moreover, German laws provide foreign investors national treatment.

Acquisition of Holdings Foreign investors may have a majority holding in the capital of a local company.

The Foreign Economic Law contains restrictions on private direct investment for reasons of foreign policy, foreign exchange, national security, public order. Restrictions also concern armaments and cryptographic equipment.

Obligation to Declare	Germany Trade & Invest (the agency responsible for the promotion of foreign investment) provides information about necessary authorisations or declarations.
Competent Organisation For the Declaration	Federal Office of Economics and Export Control
Requests For Specific Authorisations	Investments must be governed by the policies and the procedures specific to the sector. For more information refer to the Federal Office for Economic Affairs and Export Control (BAFA).
	Investors that are not from EU or European Free Trade Association must specify if they are involved in the development of war weapons or armaments, or the production of cryptographic equipment.

Learn more about [Foreign Investment in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

OFFICE REAL ESTATE AND LAND OWNERSHIP

Possible Temporary Solutions	The property ownership regulation first and foremost comes from State responsibility.
The Possibility of Buying Land and Industrial and Commercial Buildings	Yes
Risk of Expropriation	According to German law, for public purposes only and in a non-discriminatory manner, private property can be expropriated. The process must be transparent, and victims must receive prompt, adequate and effective compensation.

INVESTMENT AID

Forms of Aid	Foreign investors should contact the Invest in Germany agency and the Federal Commissioner for Foreign Investment in Germany for further information about aid for setting up in Germany.
Privileged Domains	Subsidies, low interest rate loans, financial incentives and other financial measures are financed by the European Union, the Federal Government and various Länders (administrative units). For more information, refer to the German investment promotion agency .
Privileged Geographical Zones	The most important incentives concern operations carried out in the 5 new Lander in the East of the country. Companies can benefit from subsidies for equipment, structures for research and development (see the Ministry of the Economy and Technology' website). They can also obtain preferential loans and guarantees, for example when they create autonomous structures in these Lander or when they acquire a holding in a company established in these same Lander. In 2013, a focus was made on four sectors: Renewable energy and resources, chemicals and health technologies, mechanical and electronic technologies and services.
Free Zones	The eastern part of Germany. There are five free trade zones established under EU law: Bremerhaven, Cuxhaven, Deggendorf, Duisburg and Hamburg.

INVESTMENT OPPORTUNITIES

.....

The Key Sectors of the National Economy	Consumer goods, since the number of inhabitants is the highest in Europe. Subcontracted goods, as Germany is the the leading producer of machine tools. This sector may see a new boom thanks to the development of numerical industrial processes. The other key sectors are: advanced materials, aerospace industry, agriculture, automobile industry, pharmaceutical and chemical industry, wholesale, retail, online trade.
High Potential Sectors	Services to consumers, high-tech, multimedia, electronic, health and biotechnologies, renewable energies (ambitious plan of development in solar, wind and renewable energy storage)
Privatization Programmes	There is no privatisation program ongoing. As a matter of principle, Germany treats foreigners equally in privatisations.
Tenders, Projects and Public Procurement	Bundesausschreibungsblatt , Tenders official body (in German) Tenders Info , Tenders in Germany Ted - Tenders Electronic Daily , Business opportunities in EU DgMarket , Tenders Worldwide

SECTORS WHERE INVESTMENT OPPORTUNITIES ARE FEWER

Monopolistic Sectors	Education. State-owned enterprises are limited to basic services (water, energy and national rail transportation).
----------------------	--

FINDING ASSISTANCE FOR FURTHER INFORMATION

Investment Aid Agency [Germany Trade & Invest \(GTAI\)](#)

Learn more about [Investing in Germany](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019