Doing Business in Germany:

2010 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Germany

Market Overview Return to top

The German economy is the world's fourth largest and, after the expansion of the EU, accounts for more than one-fifth of European Union GDP. Germany is the United States' largest European trading partner and is the fifth largest market for U.S. exports. Germany's "social market" economy largely follows free-market principles, but with a considerable degree of government regulation and generous social welfare programs.

Germany is the largest consumer market in the European Union with a population of nearly 82 million. However, the significance of the German marketplace goes well beyond its borders. An enormous volume of worldwide trade is conducted in Germany at some of the world's largest trade events, such as MEDICA, Hannover Fair, Automechanika, and the ITB Tourism Show. The volume of trade, number of consumers, and Germany's geographic location at the heart of a 27-member European Union make it a cornerstone around which many U.S. firms seek to build their European and worldwide expansion strategies.

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In 2009, Germany experienced the sharpest drop in economic activity since the end of World War II with GDP falling by 5%. This was due mainly to plummeting exports (-14.7 percent) and a major drop in capital expenditure (-8.6 percent). Thanks to a government-sponsored reduced working hours program ("Kurzarbeit") and the government stimulus package of 81 billion euros, domestic consumption remained fairly stable. The German government expects GDP growth of 1.5% in 2010. In December 2009, the Merkel government agreed to tax relief worth 8.5 billion euros to fuel economic recovery despite record high national debt. The year 2010 will be a challenging year as Germany will need to move from growth generated by economic stimulus to self-sustaining growth.

In the past several years, the German government has implemented several reforms to address structural problems, such as a highly regulated labor market, high taxation, as well as high social insurance costs. These reforms have stimulated economic growth, but problems remain. Long-term unemployment (longer than one year) in particular continues to be among Germany's most serious political and economic problems. The economic growth Germany experienced between 2006 and mid-2008 rapidly reduced unemployment to levels not seen since before German unification, but the economic crisis led to a modest increase in unemployment in 2009.

Germany's short-time work program and its stimulus package helped contain the anticipated rise in unemployment. In 2009, the average unemployment rate was 8.2 percent or 3.423 million, up from 7.8 percent or 3.267 million in 2008, which marked the lowest average annual unemployment since 1992. In eastern Germany, the economic crisis hit the labor market less severely, and unemployment decreased from 13.1% in 2008 to 13.0% in 2009. Unemployment in eastern Germany is, however, still almost twice as high as in the western part of the country (6.9 percent in 2009). The number of persons employed stood at 40.5 million in November 2009 (300,000 less than in November 2008). The Federal Employment Agency's Institute for Employment Research (IAB) expects a further increase in unemployment to 9.2% in 2010 with government support for the labor market running out and the economy only slowly recovering.

Germany presents few formal barriers to U.S. trade or investment, although Germany's participation in the EU's Common Agricultural Policy and German restrictions on biotech agricultural products represent barriers for some U.S. goods. Germany has pressed the new EU Commission to reduce regulatory burdens and promote innovation to increase EU member states' competitiveness. The Merkel government has talked about the need for regulatory reform in Germany. In particular, the Economics Minister Rainer Bruederle (pro-market Free Democratic Party - FDP) is pushing to reduce bureaucratic costs, since Germany's regulations and bureaucratic procedures can be very complex. While not directly discriminatory, government regulation by virtue of its complexity may offer a degree of protection to established local suppliers. Safety or environmental standards, not inherently discriminatory but sometimes zealously applied, can complicate access to the market for U.S. products. American companies interested in exporting to Germany should make sure they know which standards apply to their product and obtain timely testing and certification. German standards are especially relevant to U.S. exporters because, as EU-wide standards are developed, they are often based on existing German standards.

Market Opportunities

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

Market Entry Strategy

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The most successful market entrants are those that offer innovative products featuring high quality and modern styling. Germans are responsive to the innovation and high technology evident in U.S. products, such as computers, computer software, electronic components, health care and medical devices, synthetic materials, and automotive technology. Germany boasts one of the highest Internet access rates in the EU and new products in the multi-media, high-tech and service areas offer great potential as increasing numbers of Germans join the Internet generation. Certain agricultural products also represent good export prospects for U.S. producers. Price is not necessarily the determining factor for the German buyer, given the German market's demand for quality.

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

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/3997.htm

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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

Key Link:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of such "vertical agreements." Most U.S. exporters are small- and medium-sized companies (SMEs) and are therefore exempt from the Regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized undertakings. The EU has additionally indicated that agreements that affect less than 10 percent of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key Link:
http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

The EU also looks to combat payment delays with Directive 2000/35/EC. This covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7 percent above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link: http://ec.europa.eu/enterprise/regulation/late_payments/index.htm

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights.

Key Link: http://www.ombudsman.europa.eu/home/en/default.htm

Data Privacy

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The EU's general data protection Directive (95/46/EC) spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter. This general legislation is supplemented by specific rules set out in the "Directive on the processing of personal data and the protection of privacy in the electronic communications sector" (2002/58/EC). This requires companies to secure the prior consent of consumers before sending them marketing emails. The only exception to this opt-in provision is if the marketer has already obtained the intended recipient's contact details in the context of a previous sale and wishes to send them information on similar products and services.

Key Link: http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Transferring Customer Data to Countries outside the EU

The EU's general data protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if adequate protection is provided for it or if the **unambiguous consent** of the data subject is secured. The European Commission has decided that a handful of countries have regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is not one of these.

The Department of Commerce and the European Commission negotiated the Safe Harbor agreement to provide U.S. companies with a simple, streamlined means of complying with the adequacy requirement. It allows those U.S. companies that commit to a series of data protection principles (based on the Directive), and who publicly state that commitment by "self-certifying" on a dedicated website, to continue to receive personal data from the EU. Signing up is voluntary but the rules are binding on those who do. The ultimate means of enforcing Safe Harbor is that failure to fulfill the commitments will be actionable as an unfair and deceptive practice under Section 5 of the FTC Act or under a concurrent Department of Transportation statute for air carriers and ticket agents. While the United States as a whole does not enjoy an adequacy finding, transfers that are covered by the Safe Harbor scheme will. Companies whose activities are not regulated by the FTC or DoT (e.g. banks, credit unions, savings and loan institutions, securities dealers, insurance companies, not-for-profit organizations, meat packing facilities, or telecommunications carriers) are not eligible to sign up to the Safe Harbor.

EU based exporters or U.S. based importers of personal data can also satisfy the adequacy requirement by including data privacy clauses in the contracts they sign with each other. The Data Protection Authority in the EU country from where the data is being exported must approve these contracts. To fast track this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent were published at the beginning of 2005; work to update these and develop new ones in ongoing. Most transfers using contracts based on these model clauses do not require prior approval. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to the general data protection Directive regardless of any Safe Harbor, contractual or consent arrangements.

EU countries' Data Protection Authorities (DPAs) and large multinational companies are also developing a third major approach to compliance with EU rules on transfers of personal data to countries outside the EU. This is based on country-by-country approval of "binding corporate rules" (BCRs). Companies that set up BCRs that satisfy European DPAs will be able to use the presumption of conformity that these approvals provide to transfer personal data from the EU to any location in the world – not just the United States. BCRs can be a tool for compliance with privacy rules on a global scale. The process of negotiation and approval of the BCRs is currently lengthy and complex, and has not been attempted by small or medium-sized companies.

Key Links: http://www.export.gov/safeharbor/
http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm
http://ec.europa.eu/justice_home/fsj/privacy/workinggroup/wpdocs/2007_en.htm

Franchising

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Germany is a mature franchise market in which local entrepreneurs have developed sophisticated concepts. A high concentration of franchising chains in Germany exists in the service sector (45%), trade (37%), building and handicraft (8%), and gastronomy (10%). Industry sources expect the best prospects to be in the areas of training and educational services; express delivery services (all types); theme bistros/restaurants; office management, accounting and tax services; maintenance, cleaning and sanitation services; advertising; telecommunication products and services; energy saving products and services; retail stores (specialized); home care services; and environmental services. U.S. franchisors must be prepared to adapt to required market norms and standards, invest in market research, test market receptivity through pilot projects, and to adjust their concepts to German business practices and consumer tastes. Restrictions to competition in franchise agreements are generally covered by the Block Exemption on Vertical Restraints of 1999 referred to in the preceding chapter "Distributors."

Direct Marketing

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German consumers are accustomed to purchasing via catalog and have become more receptive to shopping on Internet platforms. More than 80% of German enterprises use direct marketing to sell their products and services. The most frequently used formats are email and Internet marketing (65%), telephone marketing (31%), direct mail (24%) and inserts in publications with a response element (18%). Trading companies, manufacturers, and service companies spend more than EUR 30 billion on direct marketing with mailing expenditures clearly in the lead, followed by inserts with response elements, and telephone marketing. Direct marketing agencies currently employ 48,000, a number which is expected to grow over the next years.

It is important to know the pitfalls of using direct marketing as a selling tool in Germany. Data protection and privacy laws are stringent, and consumer protection guidelines and competitive advertising are also highly regulated. Companies should consult with a lawyer before raising, storing or processing any sort of data in Germany. Other potential challenges regard the laws pertaining to unfair competition and rebates.

EU Regulations

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase, and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance selling and on-line commerce. It is worth noting that the EU is currently overhauling its consumer protection legislation. Companies are advised to consult the information available via the hyper-links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

Processing Customer Data

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

Distance Selling Rules

Distance and Door-to-Door sales

The EU's Directive on distance selling to consumers (97/7/EC) sets out a number of obligations for companies doing business at a distance with consumers
Consumer Affairs Homepage:
http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm
Distance Selling:
http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm
Door Step Selling:http://ec.europa.eu/consumers/cons_int/safe_shop/door_sell/index_en.htm

Distance Selling of Financial Services
Financial services are the subject of a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior existing Directives and is designed to ensure that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. http://ec.europa.eu/consumers/cons_int/fina_serv/index_en.htm

Direct Marketing Over the Internet
The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist.
http://ec.europa.eu/internal_market/e-commerce/index_en.htm

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Joint Ventures
Dealing with joint ventures ranks among the most difficult jobs under German competition law. In Germany, joint venture legislation falls under the purview of the Federal Cartel Office (Bundeskartellamt: http://www.bundeskartellamt.de). The law requires that a joint venture must exercise "genuine entrepreneurial" activities. Under German law, this means:
• Organizations which merely carry out auxiliary functions such as purchasing or distribution on behalf of the parents are not considered joint ventures; and
• JVs must have at their disposal sufficient assets and personnel to carry out their activities.

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

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

Selling to the Government

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Selling to German government entities is not an easy process. Although there has been a delay in implementing some facets of the EU Utility Directive, German government procurement is formally non-discriminatory and compliant with the GATT Agreement on Government Procurement and the European Community's procurement directives. That said, it is a major challenge to compete head-to-head with major German or other EU suppliers who have established long-term ties with purchasing entities.

EU Regulations

The EU public procurement market, including EU institutions and Member States, totals around EUR 1,600 billion. This market is regulated by two Directives:

• Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and

• Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies contracts from European public contracting authorities above the agreed thresholds.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.
http://www.buyusa.gov/europeanunion/eu_tenders.html

Distribution and Sales Channels

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Distribution channels are varied and similar to the United States. There are certain restrictions, however, concerning multi-level networking systems, i.e., so-called snowball or pyramid distribution systems. More information: http://www.wettbewerbszentrale.de/

Selling Factors/Techniques

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

However, U.S. firms should be ready to address any lingering doubts from prospective German clients/partners.

Electronic Commerce Return to top

Germany is the European leader in e-commerce and is among the world's most sophisticated markets: Germany, the world's number two exporter after China, is the largest economy in the European Union and the third largest in the world. As Europe's most populous nation, Germany also had the largest number of Internet users, 41 million people (65 percent of the population) in 2008. 62 percent of German Internet users have used online shops in 2008. More products are sold online than through traditional mail order. The most popular product categories are music, video, travel, tickets, books and consumer electronics. Price, trust and product diversity play a major role in determining where products are purchased. The most popular online shops are ebay.de, amazon.de, tchibo.de and otto.de. A majority of online retailers is also relying on the traditional offline retail channel and 67 percent expect growing e-commerce revenues in 2009 and 2010 despite the financial crisis.

Trade Promotion and Advertising Return to top

Trade Fairs
Few countries in the world can match Germany when it comes to leading international trade fairs. Such a reputation should be no surprise given that the trade fair concept was born in Germany during the Middle Ages. Today, Germany hosts a major world-class trade event in virtually every industry sector, attracting buyers from around the world. Trade fairs thrive in Germany because they are true business events where contracts are negotiated and deals are consummated. The U.S. exhibitors at German fairs should be prepared to take full advantage of the business opportunities presented at these events. While U.S. exhibitors and visitors can conclude transactions, all attendees can use major German trade fairs to conduct market research, see what their worldwide competition is doing, and test pricing strategies. Finally, German fairs attract buyers from throughout the world, allowing U.S. exhibitors to conduct business here with buyers from across Europe, Asia, Africa, Latin America, the Middle East, as well as with other U.S. companies.
German trade fairs, in general, attract impressive numbers of visitors and exhibitors. This reality confirms the conviction that there is no other venue where an American company can get so much product exposure for its marketing dollar. Trade fairs also provide a U.S. company interested in entering Germany with the opportunity to research its market and the potential of its product properly before making a business decision. Website: http://www.buyusa.gov/germany/en/events.html

Showcase Europe
Responding to the international nature of German trade shows, the U.S. Commercial Service has a broad-ranging program entitled "Showcase Europe" designed to support U.S. business interests in the expanded European Union. Focused on high priority sectors such as aerospace; energy; medical equipment, including drugs and pharmaceuticals; telecommunications and information technologies; environmental technologies and equipment; and travel and tourism, "Showcase Europe" provides contacts, market information, and commercial guidance for the entire European market region.

What makes these programs effective and unique is that they are conducted by trade specialists who regularly work at U.S. embassies and consulates around Europe, but come together at selected trade fairs for the sole purpose of supporting U.S. firms. "Showcase Europe" programs also address trade policy and other business concerns, such as the protection of intellectual property rights and other market impediments to U.S. companies, which are common across Europe.
Website: http://www.buyusa.gov/europe/

Advertising
In addition to exhibiting at major German trade fairs, advertising plays a central role in most companies' broad-based marketing programs. Regulation of advertising in Germany is a mix between basic rules and voluntary guidelines developed by the major industry associations. The "Law Against Unfair Competition" established legal rules at the beginning of the 20th Century. Although it has been modified over time, this law continues to be valid today. The law allows suits to be brought if advertising "violates accepted mores."
Many advertising practices that are common in the United States, such as offering premiums, are not allowed in Germany. Any planned advertising campaigns should be discussed with a potential business partner or an advertising agency in Germany. Following is the address of the German association of advertising agencies:

Gesamtverband Kommunikationsagenturen e.V.
(German Association of Advertising Agencies)
Friedensstr. 11
60311 Frankfurt a.M.
Telephone: [49][69] 2560080
Telefax: [49][69] 236883
http://www.gwa.de/

There are numerous technical or specialized periodicals that deal with all aspects of technology and doing business in Germany. In addition, Germany has a well-developed array of newspapers and magazines which offer the opportunity to gather information and advertise products and services.

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

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

The EU's Audiovisual Media Services Directive lays down legislation on broadcasting activities allowed within the EU. From 2009 the rules will allow for US-style product placement on television and the three-hour/day maximum of advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below.)

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

Medicine
The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. The Commission plans to present a new framework for information to patients on medicines in 2008. The framework would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.
http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients_key.htm

Food
On July 1, 2007, a new regulation on nutrition and health claims entered into force. Regulation 1924/2006 sets EU-wide conditions for the use of nutrition claims such as "low fat" or "high in vitamin C" and health claims such as "helps lower cholesterol". The regulation applies to any food or drink product produced for human consumption that is marketed on the EU market. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) will be allowed to carry claims. Nutrition and health claims will only be allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of nutritional labeling directive 90/496/EC.
Nutrient profiles will be developed by January 2009, based on scientific evaluations by the European Food Safety Authority (EFSA). Once they have been set, there will be another two-year period before the nutrient profiles begin to apply to allow food operators time to comply with the new rules. Nutrition claims can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states "high sugar content". Health claims cannot fail any criteria. New products on the EU market must respect the conditions for using nutrition claims set out in detail in the Annex of Regulation 1924/2006.

Products already labeled or on the market before January 2007 may remain on the market with the old labels until January 2010. From 2010, only nutrition claims included in the Annex will be allowed.
A list of well-established health function claims such as "calcium is good for your bones" will be established by January 2010, based on Member States' lists of health claims already approved at national level. Disease risk reduction claims and claims referring to the health and development of children will require an authorization on a case-by-case basis, following the submission of a scientific dossier to EFSA. A simplified authorization procedure has been established for health claims based on new scientific data. GAIN Report E48055 describes how application dossiers for authorization of health claims should be prepared and presented. A guidance document on how companies can apply for health claim authorizations can be downloaded from EFSA's website at http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1178623592471.htm.
http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Food Supplements
Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods and sets criteria for establishing minimum and maximum levels.
Key Link: http://useu.usmission.gov/agri/foodsupplements.html

Tobacco
The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed though these are banned in many Member States. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the TV Without Frontiers Directive.
http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm

Pricing Return to top

Germany has become more price-conscious, especially in consumer goods areas. Consequently, price is increasing in importance as a competitive factor, but quality, timely delivery and service remain equally important, especially in the B2B relations.

Sales Service/Customer Support Return to top

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

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

Product Liability
Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.
http://ec.europa.eu/enterprise/regulation/goods/liability_en.htm

Product Safety
The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU.
http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service
Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:
• repair of the good(s);
• replacement of the good(s);
• a price reduction; or
• rescission of the sales contract.
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Protecting Your Intellectual Property

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Several general principles are important for effective management of intellectual property rights in the EU and Germany. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Germany than in the U.S. Third, rights must be registered and enforced in Germany under EU laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

The EU's legislative framework for copyright protection consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of databases. Almost all Member States have fully implemented the rules into national law; and the Commission is now focusing on ensuring that the framework is enforced accurately and consistently across the EU.
http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm

The on-line copyright Directive (2001/29/EC) addresses the problem of protecting rights holders in the online environment while protecting the interests of users, ISPs and hardware manufacturers.

It guarantees authors' exclusive reproduction rights with a single mandatory exception for technical copies (to allow caching), and an exhaustive list of other exceptions that individual Member States can select and include in national legislation. This list is meant to reflect different cultural and legal traditions, and includes private copying "on condition right holders receive fair compensation."
http://eur-lex.europa.eu/pri/en/oj/dat/2001/l_167/l_16720010622en00100019.pdf

Patents
EU countries have a "first to file" approach to patent applications, as compared to the "first to invent" system currently followed in the United States. This makes early filing a top priority for innovative companies. Unfortunately, it is not yet possible to file for a single EU-wide patent that would be administered and enforced like the Community Trademark (see below). For the moment, the most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office (EPO) in Munich. It offers a one-stop-shop that enables rights holders to get a bundle of national patents using a single application. However, these national patents have to be validated, maintained and litigated separately in each Member State.
http://ec.europa.eu/internal_market/indprop/index_en.htm
http://www.european-patent-office.org

Trademarks
The EU-wide Community Trademark (CTM) can be obtained via a single language application to the Office of Harmonization in the Internal Market (OHIM) in Alicante, Spain. It lasts ten years and is renewable indefinitely. For companies looking to protect trademarks in three or more EU countries the CTM is a more cost effective option than registering separate national trademarks.

On October 1, 2004, the European Commission (EC) acceded to the World Intellectual Property Organization (WIPO) Madrid Protocol. The accession of the EC to the Madrid Protocol establishes a link between the Madrid Protocol system, administered by WIPO, and the Community Trademark system, administered by OHIM. As of October 1, 2004, Community Trademark applicants and holders are allowed to apply for international protection of their trademarks through the filing of an international application under the Madrid Protocol. Conversely, holders of international registrations under the Madrid Protocol will be entitled to apply for protection of their trademarks under the Community Trademark system.
http://oami.europa.eu/
http://www.wipo.int/madrid/en

Designs
The EU adopted a Regulation introducing a single Community system for the protection of designs in December 2001. The Regulation provides for two types of design protection, directly applicable in each EU Member State: the registered Community design and the unregistered Community design. Under the registered Community design system, holders of eligible designs can use an inexpensive procedure to register them with the EU's Office for Harmonization in the Internal Market (OHIM), based in Alicante, Spain. They will then be granted exclusive rights to use the designs anywhere in the EU for up to twenty-five years.

Unregistered Community designs that meet the Regulation's requirements are automatically protected for three years from the date of disclosure of the design to the public.
http://oami.europa.eu/

Trademark Exhaustion
Within the EU, the rights conferred on trademark holders are subject to the principle of "exhaustion." Exhaustion means that once trademark holders have placed their product on the market in one Member State, they lose the right to prevent the resale of that product in another EU country. This has led to an increase in the practice of so called "parallel importing" whereby goods bought in one Member State are sold in another by third parties unaffiliated to the manufacturer. Parallel trade is particularly problematic for the research-based pharmaceutical industry where drug prices vary from country to country due to national price Regulation.

Community wide exhaustion is spelled out in the Directive on harmonizing trademark laws. In a paper published in 2003, the Commission indicated that it had no plans to propose changes to existing legal provisions.
http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

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

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199.**
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959.**
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

Due Diligence

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

Local Professional Services Return to top

The professional services sector is comparable to that in the United States. For all segments of business, there are professional service providers. U.S. Commercial Service Germany has started to build its own network of such companies. The Business Service Provider Directory lists experienced firms which offer services to U.S. exporters and investors interested in Germany:http://www.buyusa.gov/germany/en/business_service_provider.html

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at: www.buyusa.gov/europeanunion/services.html

For information on professional services located within each of the EU member states, please see EU Member State Country Commercial Guides which can be found at the following website: http://www.export.gov/mrktresearch/index.asp under the Market Research Library.

Marketing U.S. Agricultural Products Return to top

The Foreign Agricultural Service (FAS), of the U.S. Department of Agriculture (USDA) maintains an Agricultural Affairs Office in the U.S. Embassy in Berlin. A primary objective of the Agricultural Affairs Office is to facilitate trade in U.S. agricultural products. To meet this goal, they provide the following support and services:

- Custom Matchmaking Service (CMS): Designed to bring German importers and U.S. exporters of food and agricultural products together.
- Lists of German importers, by product sector, for use by U.S. exporters.
- Attaché Reports: Current Market trends on select commodities, such as fish, wine, and forestry products; basic information on exporting food and agricultural products to Germany; and reports on the retail and food-processing sectors in Germany.
- USA Promotions: Decoration and other promotional materials for use in special USA promotions.
- Trade Shows: Information on key trade shows being held in Germany. Also, coordinate special USA pavilions at certain food shows in Germany, and organize and recruit German buyers for U.S. food and agricultural trade shows.
- American Food Directory: Extensive listings of U.S. food and beverage products imported and available for sale in Germany.

The Agricultural Affairs Office also works closely with numerous U.S. agricultural trade associations and U.S. firms in programs to boost foreign demand for U.S. agricultural products. The Agricultural Affairs Office is also responsible for agricultural trade issues, such as reform of farm support, food aid, and biotechnology.

Agricultural Affairs Office
American Embassy/Berlin
Clayallee 170,
14191 Berlin, Germany
Tel: [49][30] 8305-1150
Fax: [49][30] 8431-1935
Email: Agberlin@usda.gov
http://www.usembassy.de/germany/fas/index.html

Web Resources

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President's National Export Initiative

The NEI is a multi-year effort to increase U.S. jobs by increasing the number of companies exporting and expanding the number of markets current U.S. companies sell to. The federal government's trade promotion and export finance agencies are ready to help U.S. businesses large and small meet this challenge.
http://www.export.gov/nei/

Advocacy Center

Exporting today means more than just selling a product or service at a competitive price. It also means dealing with foreign governments. The Advocacy Center helps to ensure that sales of U.S. products and services have the best possible chance competing abroad. The Advocacy Center also has Commercial Service liaisons to five Multilateral Development Banks (World Bank, Inter-American Development Bank, European Bank for Reconstruction and Development, Africa Development Bank and Asia Development Bank) to assist U.S. firms and advocate on their behalf when they compete for Bank tenders. The liaisons counsel U.S. companies on how to work with the Banks and advocate on procurement and contracting issues to ensure fair and equal treatment for U.S. companies.
http://www.export.gov/advocacy/

Trade Compliance Issues

The Trade Compliance Center, the TCC, in the U.S. Department of Commerce's International Trade Administration, is the U.S. Government's focal point for monitoring foreign compliance with trade agreements to see that U.S. firms and workers get the maximum benefits from these agreements. The TCC is your one-stop shop for getting U.S. government assistance in resolving the trade barriers or unfair situations you encounter in foreign markets.
http://tcc.export.gov/

German Patent and Trademark Office (Deutsches Patent- und Markenamt):
www.dpma.de

European Patent Office
http://www.european-patent-office.org/

EC Directive on Commercial Agents
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

EC Directive on Data Protection
http://ec.europa.eu/justice_home/fsj/privacy/law/index_en.htm

Electronic Commerce
http://ec.europa.eu/internal_market/e-commerce/index_en.htm

Industrial Property
http://ec.europa.eu/internal_market/indprop/index_en.htm

Office for Harmonization in the Internal Market (OHIM)
http://oami.europa.eu/en/default.htm

WIPO Madrid System
http://www.wipo.int/madrid/en

OHIM Community Design
http://oami.europa.eu/en/design/default.htm

Exhaustion of trademark rights
http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

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Chapter 4: Leading Sectors for U.S. Export and Investment

Exchange Rate

EUR 1 = USD 1.40

Computer Software

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(USD million)	2008	2009	2010(e)
Total Market Size	21,000	20,400	20,400

The German market for software ranks second in Europe, after the United Kingdom. Despite the fact that the software sector was hit badly by the overall economic crisis and decreased in 2009, the market is anticipated to grow again in the near future. While some IT users postponed or cancelled some of the originally planned IT projects, industry insiders expect IT investments to pick up again, since companies still need to focus on cost reduction, efficiency increase and compliance.

Even though German software companies are very competitive, analysts estimate that approximately 80% of software products sold in Germany are supplied by U.S. companies (the majority of large U.S. software developers have subsidiaries in Germany). In 2008, the largest software companies in Germany accounted for more than EUR 7.8 billion in sales. This represents 53% of the German market. Despite this fact, Germany is still open for imports.

Industry-specific and niche products will continue to find good sales opportunities in Germany. U.S. software products are well accepted and the United States is still widely acknowledged as a supplier of innovative and quality software products. There are no trade barriers obstructing sales of U.S. software. However, as the European Union continues to expand as a single market, competition from other European software vendors is expected to increase.

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Business process management software, storage management software, customer relationship management software, IT security software, Service-oriented Architectures (SOA), control tools, software as a service (Saas).

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The German public sector, along with the banking, insurance, medical and utilities sectors, offers the best opportunities. Despite the fact that the banking sector was badly affected by the financial crisis, financial institutes need to complete or initiate IT projects, due to the strategic role that IT plays in most banking operations.

Public tenders: www.bundesausschreibungsblatt.de, www.subreport.de

Resources Return to top

German Government Agencies:
BSI (Federal Agency for IT Security): http://www.bsi.de/english/index.htm

Trade Fairs:
CeBIT: www.CeBIT.de
IT Security Trade Show: www.it-sa.de
EBIF: www.ebif.de
CRM-Expo: www.crm-expo.com
Digital Management Solutions: www.dms.expo.de
IT and Business: www.itandbusiness.de
Discuss & Discover: www.discuss-discover.com

Trade Associations:
www.bitkom.org
www.eito.com
www.vdbw.de
www.bvdw.org

Trade Publications:
www.computerwoche.de
www.informationweek.de
www.crn.de

Commercial Service Contact:
doris.groot@trade.gov

Computer and Peripheral Equipment

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(USD million)	2008	2009	2010 (e)
Total Market Size	28,500	29,000	29,000
Total Local Production	11,760	12,000	12,000
Totol Exports	14,830	15,000	15,000
Total Imports	37,000	37,000	37,000
Imports from the U.S.	9,185	9,200	9,200

U.S. computer products are generally viewed as innovative, with superior quality and leading edge technology. Germany accounts for approximately one quarter of the EU's total IT market. Assisted by the very weak dollar, the United States retained its 2008 import share of approximately 25% in 2009. The market is expected to stagnate in 2010 due to the overall economic downturn. Exports exceed production due to considerable amounts of imported equipment being directly resold abroad or included as value-added equipment in locally manufactured products that are exported.

Best Prospects/Services Return to top

Leading edge ICT products, servers, laptops, printers, W-LAN equipment, memory and networking products.

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Government:
Federal Statistical Office: http://www.destatis.de/

Trade Fairs:
CeBIT, the world's largest trade fair for ICT products and services: www.cebit.de

Associations:
Association of German Electro-technical Manufacturers: www.zvei.de
Association of German Information Technology Manufacturers: www.bitkom.de

Major trade journals:
www.computerwoche.de

www.informationweek.de
www.crn.de

Commercial Service Contact:
john.lumborg@trade.gov

Drugs and Pharmaceuticals

Overview

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(USD million)	2008	2009	2010 (e)
Total Market Size	23,950	24,100	25,120
Total Local Production	37,700	39,200	41,120
Total Exports	62,900	69,200	75,500
Total Imports	49,150	54,100	59,500
Imports from the U.S.	9,102	9,830	10,610

Germany represents the second largest export market for U.S. pharmaceuticals, including prescription, specialty and OTC drugs, after Japan. Between 2010 and 2015, the market is projected to grow annually at 4.8% (prescription drugs at 3.9%), with the fastest growth in the specialized hospital market for new and expensive pharmaceuticals. Recent sales growth has been for drugs for acute conditions such as cancer, rheumatoid arthritis, and multiple sclerosis; but also for chronic conditions such as cardiovascular diseases, diabetes and preventive medicine. The statutory health insurance system accounts for about 80% of the market, with tight reimbursement rules, greater use of generics and downward pressure on generic prices due to the rebate system and the full VAT of 19% levied on drug sales. Opportunities also exist for local production, research and acquisition of German drug firms.

Best Prospects/Services

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Diagnostic and therapeutic drugs for dementia; auto immune diseases; inflammation; oncology; pain management. Vaccines and cell- and bio-therapeutics; biosimilars.

Resources

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German Government Agencies:
German Health Ministry: www.bmg.bund.de
Federal Agency for Pharmaceuticals and Medical Products: www.bfarm.de

Federal Agency for Sera and Vaccines: www.pei.de
Federal Institute for Risk Assessment: www.bfr.bund.de
Federal Institute for Consumer Protection and Food Safety: www.bvl.bund.de

Trade Fairs:
CphI: http://www.cphi.com
Expopharm: www.expopharm.de
Biotechnica: www.biotechnica.de
MEDICA: www.medica.de

Trade Associations:
BPI (Association of the German Pharmaceutical Industry): www.bpi.de
VFA (Association of Research-Based Pharmaceutical Companies): www.vfa.de
BAH (Association of Pharmaceutical Manufacturers): www.bah-bonn.de
German Generics Manufacturers Association: www.generika.de

Commercial Service Contact:
anette.salama@trade.gov

Medical Equipment

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(USD million)	2008	2009	2010 (e)
Total Market Size	30,990	34,000	35,700
Total Local Production	31,100	34,200	36,000
Total Exports	16,800	18,200	19,650
Total Imports	16,690	18,000	19,350
Imports from the U.S.	5,040	5,300	5,590

Germany is Europe's largest market for medical devices and the world's third largest, accounting for 6.9% or 23 billion Euros in 2008. Health expenditures in Germany amounted to USD 335 billion in 2008, approximately 10.6% of Germany's GDP. Major barriers to local market expansion are ongoing health reform efforts and cost-containment measures. Demand will mainly be driven by demographics and a substantial increase in the number of patients, by the need for economies of scale and efficient procedures, and by a major investment backlog estimated at USD 63 billion in hospitals and doctors' practices. The German medical market expects healthy growth between 5-8% for the next twelve months. It will also continue to provide excellent potential for U.S. suppliers of innovative and price-competitive products. U.S. medical device exporters to Germany continue to hold a 28-30% import market share, depending on product.

Best Prospects/Services

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U.S. medical device exporters will find good market potential for the following products: high quality advanced diagnostic and therapeutic equipment; innovative technologies and minimally invasive equipment, such as laser-optics in vascular surgery, urology, gastrology, dermatology, and neuro-surgery, new diagnostic and imaging devices, as well as specialized wound care and easy-to-use home care products. The trend is toward demand for miniaturized electro-medical equipment and nano-technology products. Preventive diagnostics and medical products, innovative orthopedic and physiotherapy devices, and biomaterial, cardiovascular and endoscopy products will also find good markets in Germany. Natural orifice surgery, novel imaging technologies, e-health and e-care, telemedicine and telemonitoring products are also in demand in Germany. Keywords are: computerization-electronic diagnosis; therapy planning and survey; molecularization-biotechnology, cell and tissue engineering, personalized medicine; miniaturization-microsystems technologies, nanotechnology and optical technologies.

Opportunities

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The "Medical Technology Action Plan" pools the Federal Ministry of Education and Research's varied funding activities and programs under three main topics: Medical technology in rehabilitation and care (intelligent implants); Molecular imaging; Medical technology for regenerative medicine. Incentives are provided as R&D project grants/cash incentives with a maximum 50% of eligible project costs. The European Union is subsidizing transnational R&D through its 7th Research Framework Program. A budget of 6.1 billion Euros for the period 2007 to 2013 has been earmarked for health research.

Resources

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German Government Agencies:
German Health Ministry: www.bmg.bund.de/
Federal Agency for Pharmaceuticals and Medical Products: www.bfarm.de
Federal Bureau for Physical-Technical Equipment: www.ptb.de
Federal Institute for Risk Assessment: www.bfr.bund.de
Federal Institute for Consumer Protection and Food Safety: www.bvl.bund.de

Trade Fairs:
MEDICA: www.medica.de and www.buyusa.gov/healthcare/medica_ceo.html

Trade Associations:
Federal Association of the Medical Devices Industry: www.bvmed.de
Federal Association of the Electro-Medical Industry: www.zvei.de/medtech
German Medical, Optical and Mechatronic Technologies Industry Association (SPECTARIS): www.spectaris.de

German Hospital Association: www.dkgev.de
Medical Dealers Association: www.zmt.de

Commercial Service Contact:
anette.salama@trade.gov

Industrial Chemicals

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(USD million)	2008	2009(e)	2010(e)
Total Market Size	126,730	114,478	123,847
Total Local Production	188,210	165,438	173,710
Total Exports	203,150	172,480	181,104
Total imports	141,670	121,520	131,241
Imports from the U.S.	15,862	14,560	16,307

In 2009, total annual sales of industrial chemicals decreased by 13.5% over 2008. The difficult situation led to preliminary chemical plant shutdowns in Germany to reduce production capacities. Over the same period, German chemical exports decreased by 12% and imports by 11%. U.S. imports to Germany still reached USD 14.5 billion, declining only 8%. The year 2010 started with an improved outlook for the German chemical industry. Local production capacities have increased. It will take a year or longer for the German chemical market to return to its pre-2009 size. During this period, an increased demand for imported chemicals is likely. It will offer U.S. firms additional opportunities in the German chemical market, particularly in view of the still favorable USD/EUR exchange rate.

Best Prospects/Services

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In the past, at times U.S. firms have supplied more than 10% of German total chemical imports. The German chemicals market offers U.S. manufacturers of innovative chemicals best prospects. Of particular interest are “white biotechnology” products - industrial chemicals produced by means of biotechnology; chemicals enhanced by, or based on, nano-materials; and new polymer-based materials which can replace silicium-based components or serve as organic light emitting diodes.

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Trade Fairs:
Analytica: http://www.analytica.de/link/en/18285323
CphI: http://www.cphi.com
K' Show: http://www.k-online.de/
European Coatings Show: http://www.european-coatings-show.de/

Trade Associations:
Chemical Industry Association: http://www.vci.de/
Dechema: http://www.dechema.de/en/The+DECHEMA.html

Commercial Service Contact:
kirsten.hentschel@trade.gov

Management Consulting Services

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(USD million)	2008	2009	2010 (e)
Total Market Size	25,500	24,600	25,800

Germany is the largest consulting market in Europe, followed by the UK. In 2009, around 84,600 management consultants worked in about 13,250 management consulting firms. About 35% of the consultants work in firms, which achieved revenues below EUR 1 million, and about 34% in large firms with more than EUR 45 million in revenue. These large consulting firms earned nearly half of all revenues in the consulting market.

Management consultants in Germany experienced a difficult year in 2009 with declining revenues. Estimates for 2010 are very difficult, but a small increase is expected. The two largest fields are strategic and organizational/process consulting. Consulting firms throughout Germany tend to be located in various regional centers, rather than in one city serving as a national center.

Best Products/Services

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More than half of the demand for consulting services comes from clients in both the manufacturing and financial services industries. Many large projects are being canceled or postponed. A demand increase is expected for projects in energy efficiency, restructuring, cost-cutting and supply optimization. Six week quick-checks and long-term reorganization projects are expected to grow. Consulting clients often demand assurance for concrete added value of consulting projects.

Resources

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Association;
Bundesverband Deutscher Unternehmensberater BDU e.V.
(Federal Association of German Management Consultants)
www.bdu.de

Commercial Service Contact:
Mathias.Koeckeritz@trade.gov

Automotive Parts and Services

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(USD million)	2008	2009	2010 (e)
Total Market Size	38,700	38,700	n/a
Total Local Production	46,000	46,000	n/a
Total Exports	18,900	18,900	n/a
Total Imports	11,500	11,500	n/a
Imports from the U.S.	2,000	2,000	n/a

(Source: GAI)

In 2008, the automobile industry was one of the driving forces behind German economic growth. During the first three quarters of 2008, both domestic demand and exports of German cars increased slightly. Because of increased global sourcing by German manufacturers, and a favorable EUR-USD exchange rate, U.S. parts manufacturers were able to increase their exports to Germany.

At the end of 2008, the European automotive industry was hit by the worst downturn since the late 1950's. Demand for German-made new passenger vehicles fell by almost 20% and for heavy trucks by over 40%. Demand for parts and services suffered from a similar decline. In the first months of 2010, however, although sales in Eastern Europe have stagnated or even fallen, sales of German manufactured vehicles around the World have started to increase; sales to England increased by 30%, Spain 18%, Japan 20%, India over 30% and in China by over 100%. However, experts anticipate that the German automotive industry will still have to face serious challenges until 2013 and are not yet in a position to provide final figures for 2009, nor able to forecast reliable figures for 2010. U.S. manufacturers should take advantage of the opportunity to offer parts and services to German manufacturers, not only for plants in Germany, but also for German plants around the World.

Best Products/Services

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Engine electronics; multi-media products; forged and pressed parts; development and introduction of electronic systems for vehicles using alternative/hybrid/electric fuel

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Trade Fairs:
Automechanika: http://automechanika.messefrankfurt.com/frankfurt/de/home.html
IZB: http://www.wolfsburg-ag.com/sixcms/detail.php?template=izb_content&nav1=78061

Trade Associations:
VDA (German Automobile Association): www.vda.de
ZKF (Central Association for Car and Body Technology): www.zkf.de
Central Association for German Motor Trades and Repair: www.kfzgewerbe.de

Commercial Service Contact:
paul.warren-smith@trade.gov

Telecommunications Equipment

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(USD million)	2008	2009	2010 (e)
Total Market Size	20,900	20,000	n/a
Total Local Production	20,100	19,000	n/a
Total Exports	11,500	10,000	n/a
Total Imports	12,300	11,000	n/a
Imports from the U.S.	2,100	2,000	n/a

(Source: RegTP, EITO)

Broadband will remain the key application with more than 7 million connections and a penetration rate of 8 percent. DSL will continue to represent the overwhelming majority of broadband connections, with Deutsche Telekom (DTAG) providing more than 83% of all broadband connections. Demand for mobile phones is beginning to decline due to market saturation. Equipment suppliers hope that they can benefit from planned government investment in infrastructure and especially schools. Due to the economic situation, forecasts for 2010 are not possible at this point in time.

Best Products/Services

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Broadband equipment and services, W-Lan equipment and services

Opportunities

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Broadband technologies (DSL and TV cable) will offer considerable opportunities for suppliers of technology and services.

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German Government Agencies:
German Regulatory Authority: www.bundesnetzagentur.de

Trade Fairs:
CeBIT, the world's largest trade fair for ICT products and services: www.cebit.de

Trade Associations:
Electro-technical Manufacturers: www.zvei.de
German Information Technology Manufacturers: www.bitkom.de
German telecommunications service providers: www.vatm.de

Commercial Service Contact:
volker.wirsdorf@trade.gov

Sporting Goods

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(USD million)	2008	2009	2010 (e)
Total Market Size	4,205	4,226	4,200
Total Local Production	2,868	2,883	2,800
Total Exports	1,128	1,134	1,100
Total Imports	2,465	2,447	2,500
Imports from the U.S.	856	860	850

With 25 million Germans participating in sports activities, Germany is the second largest sporting goods market within the EU and accounted for 19% of the total EU market in 2007 (2003: 21%). The market is anticipated to grow annually by at least 0.5% over the next two years. Germany is the 3rd largest importer within the EU with total imports amounting to USD 2.5 billion, thus accounting for 13% of all EU imports by value. With an actual import gain of about USD 186 million between 2001 and 2007, there are excellent opportunities for U.S. sports products manufacturers. Major competitors in the German market include China (53% import market share), Italy (8.9%), Poland (7.8%), the Netherlands (4.3%), France (4.1%), and the Czech Republic (3.2%).

Team sports accounted for 27% (USD 1.1 billion) of the total sport market in Germany, with soccer (USD 113 million) being the most popular, followed by handball and volleyball. The market for outdoor activities ranks 2nd with 22% (USD 943 million), with camping goods accounting for 42% (USD 396 million) followed by equestrian sports with 30% (USD 283 million). Individual sports activities (e.g., track and field, swimming, combative sports, gymnastics, ice-skating, etc.) rank 3rd with USD 870 million sales, followed by fitness equipment (USD 580 million), winter sports (USD 539 million), and water sports (USD 181 million). While the demand for fitness, outdoor sports, and water sports is expected to increase, sales related to winter sports activities are expected to decline.

Best Products/Services Return to top

Fitness equipment for physical exercise, gymnastics, or track and field; Footwear (all sports); golf equipment; inflatable balls for soccer, basketball, field hockey, handball; in-line skates; outdoor goods for hiking, climbing, trekking, and Nordic walking activities; roller blades; snow boards.

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Trade Fairs:
EQUITANA 2010 (Equestrian Sports): http://www.equitana.com
FIBO 2010 (Fitness): http://www.fibo.de/en/index.php
Outdoor 2010: http://www.outdoor-show.de/
EuroBike 2010: http://www.eurobike-show.de/
GOLF Europe 2010: http://www.golf-europe.com/link/en/16206330
ISPO Winter 2011 (Winter Sports): http://www.ispo.com/

Trade Associations:
German Sporting Goods Manufacturers Association: www.bsi-ev.com
German Association of Sporting Goods Retailers: www.vds-sportfachhandel.de
European Outdoor Group: www.europeanoutdoorgroup.com
Association of the German Fitness Industry: http://www.vdf-fitnessverband.de
German Golf Association: www.golf.de

Major Trade Journals:
www.saz.de
www.outdoor-magazin.com
www.golf.de/journal
www.skimagazin.de
www.wassersport-magazin.com
www.reitsport-markt.de

Commercial Service Contact:
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Travel & Tourism

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(USD million)	2008	2009	2010 (e)
Expenditure by German Tourists Abroad	89,900	89,175	87,725
U.S. Expenditure by German Tourists	5,156	6,700(e)	6,700

Facilitated by a strong Euro, creative packaging and promotional activities of German tour operators and their U.S. industry partners, German travel to the United States increased 17% in 2008, totaling nearly 1.8 million visitors. The finance crisis, swine flu and general economic uncertainty dampened the Germans' travel bug in 2009, a trend that is expected to continue into 2010. Experts cite a combination of reasons for this: declining real income, unemployment and the fear thereof as well as a smaller household budget. Swine flu played less of a role than initially believed.

Although Germany is expected to be the top travel destination for German travelers in 2010, the USA and Austria share the number 2 slot. Experts predict a continuation of the strong trend toward city destinations, making this the favorite type of travel destination in 2010. All-inclusive packages and cruises share second place in the category *type of travel*. Hiking and nature travel takes third place and wellness holidays fourth place. As one of the favorite cities to visit, New York ranks high on the list, just under Berlin and Hamburg and is considered one of the most fascinating cities in the USA. Accessibility and airline offers play a significant role in the decision to visit New York.

The still strong Euro and the Obama effect are encouraging factors for travel to the United States. Continuing negative public perceptions of strict entry and visa regulations as well as the proposed "entry tax" should prove to be only a slight deterrent. Germans will continue to travel but will take shorter trips and demand more value for money. They are refocusing their desire for rest, relaxation and adventure and will shift their demand accordingly. Offers such as city packages including wellness and a unique travel experience as well as a focus on value for money will prove to be the most successful in 2010.

Best Products/Services

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City packages including wellness and a unique travel experience; a focus on value for money; all-inclusive packages; nature- hiking and camping holidays; flexible itinerary elements for FITs; Native American inventory packaged with local attractions and service providers, which should be activity-based rather than language dependent; incentives for small groups.

Resources

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Government:
Entry and visa regulations information
http://germany.usembassy.gov/germany/visa/
https://esta.cbp.dhs.gov

Trade Fairs:
Reisen Hamburg: http://www.hamburg-messe.de/reisen
f.re.e Munich: http://www.free-muenchen.de
ITB Berlin: http://www.itb-berlin.com
IMEX Frankfurt: http://www.imex-frankfurt.de
Travel Expo & Fvw Congress, Trade fair for Tourism, Business travel und Technology in Cologne (B2B fair): http://www.fvw-kongress.de/
CMT Stuttgart, http://www.messe-stuttgart.de/cmt

Other:
http://www.usa.de German language consumer travel website on United States
http://www.vusa-germany.de Official site of the Visit USA Committee Germany e.V.

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Biotechnology

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(USD million)	2008	2009	2010(e)
Total sales related to Biotechnology (incl. the estimated sales of the biotech segments of big pharmaceutical companies)	30,700	34,200	38,500
Total sales of German core biotech companies	2,191	2,430	2,900

While agricultural biotech applications (in Germany, often referred to as “green biotech”) are controversial, demand for so-called “white biotechnology” applications, which aim to make industrial processes more environmentally sound, is expected to increase. Medical applications, referred to as “red biotech,” remain an important area for German pharmaceutical research and product development. Despite the global financing situation, the European biotechnology still shows increasing innovation potential.

Approximately 60% of German biotechnology companies expect to increase their investment in 2010, a drop of 9% in 2009, and half of the companies expect to increase employment.

Best Products/Services

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The best prospects are cardio-, cancer- and neuro-therapeutical products; peptides in the treatment of diabetes; and enzymes used in washing powders and in the textile industry.

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Trade Fairs:
Analytica, http://www.analytica-world.com
Biotechnica, http://www.biotechnica.de

Trade Associations:
Bio Germany, http://www.biodeutschland.org
European Private Equity & Venture Capital Association, http://www.evca.com/
BVK (Association of Equity Firms), http://www.bvk-ev.de
Dechema (Chemical Manufacturers), http://www.dechema.de
VCI (Chemical Industries), http://www.vci.de

Commercial Service Contact:
nils.roeher@trade.gov

Renewable Energies

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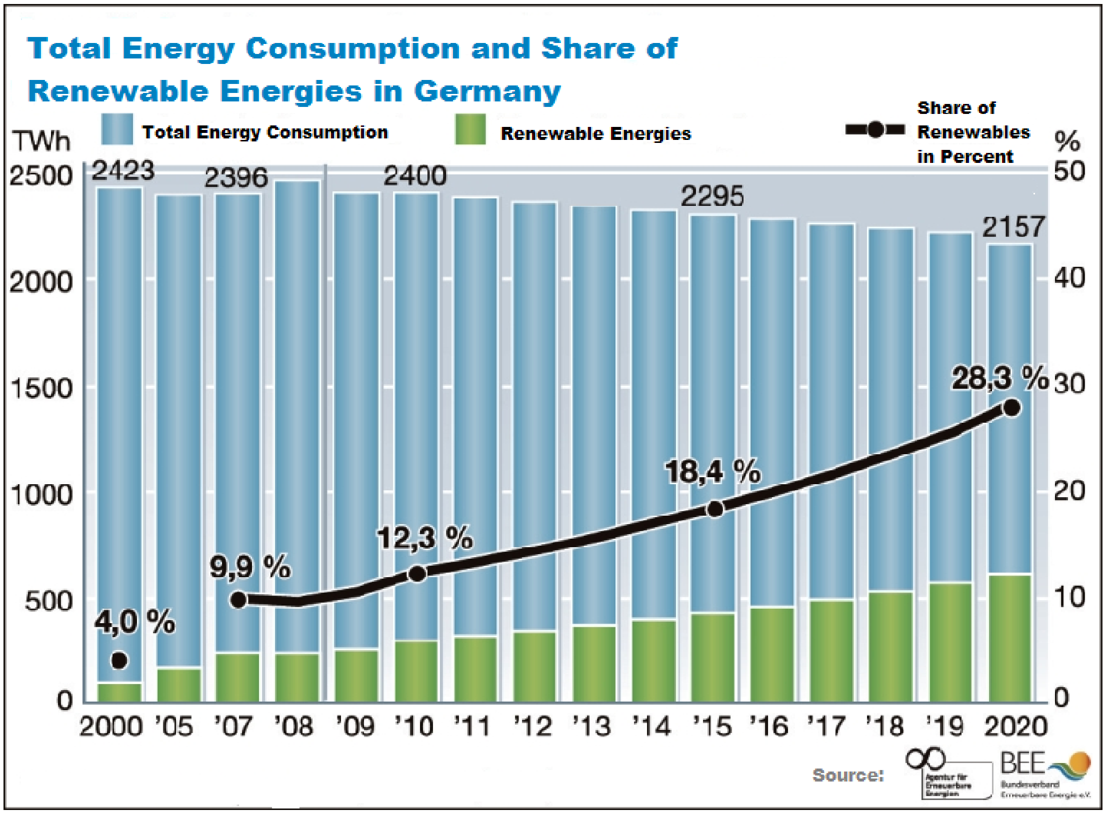
(USD million)	2008	2009	2010 (e)
New domestic installations, not including resulting energy generation or sales	15,950	21,460	n/a
Energy sales generated using renewable energies	21,025	23,055	25,000
Total Domestic Market (1+2)	36,975	44,515	n/a
Total exports	13,050	14,000	n/a

(Source: http://www.erneuerbare-energien.de/)



As prices for conventional fuels continue to increase and prices for renewable energy steadily decrease, the renewable energy sector is expected to continue to grow. Electricity generation from renewable energies is substantially based on the German Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz, EEG), which is in accordance with European policy (Directive 2001/77/EC). The share of renewable energy sources in the total energy consumption (heat, electricity and fuels) is expected to be more than 28% by 2020.

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Application areas: Renewables will generate an expected 47 % of the entire electricity (incl., 25% of all heating energy and 19 % of all fuels used for transportation purposes (ships, automobiles, trucks, and electricity for electric vehicles and trains).

Wind Energy Of all renewable energy sources, wind energy will remain the most significant. Until 2020, 25 percent, or 149 TWh, of the entire electric consumption in Germany is expected to be met by wind energy.

Bio Energy In 2020, bio energy will account for 54 TWh (2008: 27 TWh) or 9.1% of all electricity, 150 TWh (2208: 97 TWh) or 13% of heating energy , and 111 TWh (2008: 37 TWh) or 21% of all fuels. The major share will come from biogas, followed by solid biomass (mainly wood and plants), liquid biomass (plant oils), and sewage and landfill gas.

Photovoltaic (PV) and Solar Thermal Energy Only about 6% of the entire suitable roofs (not considering free standing installations) are being used for solar energy purposes at present in Germany. In 2020, 39.5 GW of installed cells will generate 40 TWh (2008: TWh). PV will then generate around seven percent of the electricity used in Germany. Solar thermal heating energy is expected to increase to an annual yield of 30TWh in 2020 (2008: 4 TWh).

Hydro Power. Most hydro power plants operating in Germany were built before the 1960s and the majority is in the 5-10 MW class. Experts state that the 31 TWh that were generated in 2008 can be increased (mainly by repowering existing plants) to over 31 TWh by 2020 and then account for 5.4% of the electric power generation in Germany. In addition to repowering, major investment is also expected for environmental protection measures for hydro power plant surrounding waterways (fish steps, re-naturalization of riverbeds, and optimization of river flow).

Geothermal Energy *Industrial, deep geothermal energy:* At present, total installed electrical power equals to 7 MW generating 220 Million kWh per year. It is expected that this energy form will reach as much as 6000 MW and 38 TWh by 2020. *Surface geothermal energy:* In 2008 alone, about 62,000 heat pumps were installed, mostly in private residences bringing the total number of heat pumps to over 350,000 units. More than half use water-to-water or brine-to-water technology for which vertical drilling or horizontal netting is required. A little less than half use air-to-air heat pump technology, which is expected to carry the highest growth potential.

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Trade Associations:
Hydro Energy: Bundesverband Deutscher Wasserkraftwerke e.V. (BDW): www.wasserkraft-deutschland.de/

Wind Energy: Bundesverband Windenergie (BWE): www.wind-energie.de

Solar Energy: Bundesverband Solarwirtschaft (BSW): www.solarwirtschaft.de

Geothermal Energy: Bundesverband Geothermie (GtV-BV): www.geothermie.de

Biogas: Fachverband Biogas: www.biogas.org

Renewable Energy: Bundesverband Erneuerbare Energie (BEE): www.bee-ev.de
Agentur fuer Erneuerbare Energien: www.unendlich-viel-energie.de

Government:
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU): www.bmu.de, www.erneuerbare-energien.de
German Energy Agency (DENA): www.dena.de
International Renewable Energy Agency (IRENA): www.irena.org

Trade Fairs:
Wind Energy: Husum Wind Energy, www.husumwind.de
Hannover Messe Energy, www.energy-hannover.de
Solar Energy: Intersolar, www.intersolar.de
Geothermal Energy: GeoTherm expo + congress, www.geotherm-offenburg.de
Biogas: Eurotier, www.eurotier.de
Bio Energy Central, www.bioenergy-decentral.com
IFAT, www.ifat.de
Entsorga, www.entsorga-enteco.com
Renewable Energy: Hannover Messe Energy, www.energy-hannover.de
enertec, www.enertec-leipzig.de
RenExpo, www.renexpo.de

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Scientific and Laboratory Instrumentation

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(USD million)	2008	2009	2010 (e)
Total Market Size	8,700	8,750	9,100
Total Exports	4,600	4,600	5,000

The market for Laboratory and Scientific Instruments is very competitive and is characterized by innovation. About 9% of the overall sales of the 330 German manufacturer's active in that industry are invested into research and development. The main end-users are the industry, the public sector, pharmaceutical and chemical companies as well as biotechnology and nutraceutical firms. The market for the S&LI sector heavily depends on the development in these industry segments. Despite the overall economic crisis industry insiders predict a stable market development with a slight increase in the near future. This positive development is primarily attributed to exports to Asia, primarily to countries such as China, Korea and India.

Best Products/Services

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Laboratory automation and information systems (LIMS), as well as the broad spectrum of chromatographic technologies; other trends within the S&LI industry are automation, process analysis, and miniaturization.

Laser and opto-electronic instrumentation (primarily for medical applications – applications for the automotive and semiconductor industries are presently declining). Within the laser and optoelectronics field, laser products for the solar industry will play an important role in the future.

Opportunities

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Due to the strong export orientation of German manufacturers (about 50% of the annual production output is exported), the industry also depends greatly on imported technologies. Imports derive mainly from European countries (approx. 44%) and from Asia (approx. 27%). However, with 28% imports from the U.S., the United States remains an important foreign supplier of S&LI to Germany.

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Trade Fairs:
Analytica (Instrumental analysis, laboratory technology and biotechnology): http://www.analytica-world.com
Achema (Chemical Engineering, Environmental Protection and Biotechnology): http://www.achema.de/ACHEMA-lang-en.html
Interkama (Automation technology): http://www.hannovermesse.de/interkama_e
Laser (World of Photonics): www.world-of-photonics.net
Medica: www.medica.de
Optatec (Optical Technologies, Components, Systems and Manufacturing): http://www.optatec-messe.com/en/optatec

Trade Associations:
Association of German Electrotechnical Manufacturers (ZVEI): http://www.zvei.org
European Optical Society: http://www.europeanopticalsociety.org/
Spectaris (Optical, Medical and Mechatronical Technologies Inc.): www.spectaris.de
VDE (Electrical, Electronic and Information Technologies): http://www.vde.de/
AIF(Federation of Industrial Cooperative Research Associations): www.aif.de

Other:
Fraunhofer Institut für Angewandte Optik und Feinmechanik (IOF): www.fhg.de
Fraunhofer-Institut für Lasertechnik (ILT): www.ilt.fraunhofer.de
VDI Technologiezentrum GmbH: www.kompetenznetze.de
Chemie.de Information Service GmbH: www.chemie.de

Commercial Service Contact:
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Agricultural Machinery

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(USD million)	2008	2009	2010 (e)
Total Market	10,448	9,000	8,500
Total Exports	7,800	6,800	6,400
Imports (Total)	2,600	2,300	2,200
Imports from the U.S.	437	480	n/a

Germany ranks third as a destination for U.S. farm equipment exports after Canada and Australia and before Mexico, the U.K., and Russia. The industry grew by 29% in the first half of 2008 and by 17% in the second half, in comparison to the previous year. The tractor segment increased by 10%, and for other machinery the demand was likewise consistently higher than in previous years. The 2007/2008 harvesting machinery season ended with growth rates of 22% (to 2,365 units) for combine harvesters, 33% for round balers (2,057 units) and 8% for forage harvesters (540 units) in Germany. Even at the end of 2008, unlike other industries, the agricultural machinery industry is not facing an abrupt decline in orders. While business is expected to become more difficult in the large Eastern European markets over course of the year, a better economic environment can still be found in Western Europe.

Best Products/Services

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Tractors (average performance of 103 kW), ploughs, fertilizer spreaders, combine harvesters, round balers, forage harvesters

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Trade Fairs:
Agritechnica: www.agritechnica.com

Trade Associations:
German Engineering Association (VDMA): www.vdma.org

DLG German Agricultural Society: www.dlg.org/home-en.html

Commercial Service Contact:
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Agricultural Sector

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BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

(All figures are in metric tons, unless otherwise stated.)

Tree Nuts (HTP)
Fishery Products (FFPD)
Wine (HTP)
Pet Food (G&FD)

1. Tree Nuts

The category of tree nuts includes almonds, pistachios, pecans, hazelnuts and walnuts. Germany does not produce significant quantities of these products, therefore, supply comes primarily from imports. A number of U.S. agricultural associations actively promote their products in Germany, including the Almond Board of California, California Pistachio Commission and the California Walnut Commission. The leading competitor for the United States in the German tree nut market is Turkey. In 2008, U.S. tree nut exports to Germany were valued at $305 million out of a total import value of $1.5 billion.

MT	2007	2008	2009 (e)
Total market	205,346	213,362	220,000
Production	*	*	*
Total exports	56,397	51,402	40,000
Total imports	261,743	264,764	260,000
Imports from the U.S.	65,880	65,830	66,000
* Production of tree nuts in Germany is negligible			

2. Fishery Products

Fish and fishery products enjoy growing popularity in Germany. The two most important fishery products the U.S. exports to Germany by volume are frozen fillets of Alaska Pollock and hake. In 2008, U.S. total exports of fishery products to Germany were valued at $266 million, out of a total import value of $4.5 billion. China and Peru are the main U.S. competitor for Alaska Pollock and Hake exports, respectively.

MT	2007	2008	2009 (e)
Total market	898,766	833,097	850,000
Production	473,839	500,010	500,000
Total exports	527,652	623,649	550,000
Total imports	952,579	956,736	900,000
Imports from the U.S.	77,407	68,361	40,000

3. Wine

Germany is the world's largest importer of wine. In 2008, German wine imports were valued at more than $3.1 billion. Italy, France and Spain are the leading suppliers of wine to Germany with a combined import market share of nearly 75%. U.S. wines, together with other “new-world” wines, have developed an increasingly good reputation for quality in the German market. In 2008, the value of Germany's imports of U.S. wines totaled approximately $69 million.

hl (1,000)	2007	2008	2009 (e)
Total market	34,620	34,014	33,000
Production	10,261	9,990	9,300
Total exports	3,542	3,665	3,400
Total imports	14,510	14,075	13,800
Imports from the U.S.	415	400	360

4. Pet Food

Germany is one of the leading countries for pet ownership in the world. Germans are willing to pay a premium to properly feed their pets and interest in specialty health pet food products is growing rapidly. The majority of pet foods are produced domestically and the EU requires pet foods to be derived from meat that is fit for human consumption. In 2006, the value of U.S. pet food exports to Germany totaled $3 million, out of a total import value of $859 million. Despite the bureaucratic obstacles, opportunities for exporting pet food products to Germany are available given the considerable size of the market.

(USD million)	2007	2008	2009 (e)
Total market	3,578	3,619	3,650
Production	3416	3570	3640
Total exports	681	810	830
Total imports	843	859	840
Imports from the U.S.	3	3	3

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/mrktresearch and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

http://www.buyusa.gov/germany/en/marketresearch.html - Comprehensive and up-to-date information about the German market and the export potential for U.S. products and services

http://www.buyusa.gov/europe/ - The Showcase Europe website of the U.S. Commercial Service provides trade opportunities, new business partners, market research and one-on-one assistance.

http://www.buyusa.gov/europeanunion/tender_search.html - Public Procurement Opportunities in Europe

Agricultural Reports
Attaché Reports
Attaché reports provide information on market opportunities, crop conditions, new policy developments and information on the German food industry. Some standard reports include: Retail Market Report, Exporter Guide, Food Service Report, and market briefs on wine, seafood, and other select products. Attaché reports can be found at http://www.fas.usda.gov/scriptsw/attacherep/default.asp. In recent years, many of the German reports have been consolidated and are submitted as EU reports. We recommend that companies interested in the German market also review the EU reports.

American Food Directory
The Agricultural Affairs Office has produced a food directory entitled "American Foods in Europe (AFE) Directory of European Importers of U.S. Food and Beverage Products". The AFE directory contains listings of about 200 European companies, from 19

European countries within the EU-25, handling about 500 branded and a wide assortment of generic U.S. food and beverage products available in Europe. The directory is a useful resource for retailers, hotels, caterers, restaurants and others seeking to purchase U.S. food or beverage products but who do not wish to import directly. In addition to the hardcopy, an Internet version which is regularly updated is available at http://www.american-foods.org/, http://www.fas.usda.gov

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Please click on the link below for information on upcoming trade events:
http://www.buyusa.gov/germany/en/events.html

Directory of important trade fairs in Germany and the U.S.
http://www.export.gov/tradeevents/

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Chapter 5: Trade Regulations and Standards

Import Tariffs

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U.S. exporters seeking to enter the German market can obtain useful information from the Office of European Union and Regional Affairs at the U.S. Department of Commerce. When provided with a product's Schedule B Number, the Office for EU and Regional Affairs supplies tariff information for American products exported to Germany. The Office's phone number is 1-800 USA TRADE or (202) 482-0543. For the Schedule B Number, please contact the Bureau of the Census

An alternative source for EU customs tariffs is: http://ec.europa.eu/taxation_customs/dds/home_en.htm

A general overview of customs issues can also be obtained by visiting the following web page: http://www.export.gov (TIC Trade Information Center, U.S. Department of Commerce)

Import Turnover Tax

All industrial imports into Germany are subject to an "Import Turnover Tax" of 19%, which is charged on the duty-paid value of the import article plus the customs duty, which varies by item. (Exemptions: certain agricultural and a few other products, which are taxed 7% ad valorem). The Import Turnover Tax is designed to place the same tax burden on imported goods as goods produced domestically, on which is levied a 19% "Value-added Tax" (VAT). The German customs authorities collect both customs duty and Import Turnover Tax.

It is important, however, to collect and present all invoices as originals in order to deduct any VAT charges from one's own tax liability or to get reimbursed by the German Ministry of Finance, if eligible.

Trade Barriers

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

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:http://www.ustr.gov/Document_Library/Reports_Publications/2007/2007_NTE_Report/Section_Index.html?ht.

Information on agricultural trade barriers can be found at the following website: http://www.useu.usmission.gov/agri/usda.html.

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at http://www.trade.gov/tcc or the U.S. Mission to the European Union at http://www.buyusa.gov/europeanunion.

Import Requirements and Documentation

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The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily:
http://ec.europa.eu/taxation_customs/dds/tarhome_en.htm

Many EU Member States maintain their own list of goods subject to import licensing. For example, Germany's "Import List" (Einfuhrliste) includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under German or EU law.

Imported goods must be accompanied by a customs declaration, which has to be submitted in writing, and an invoice in duplicate. Normally the German importer files this declaration. The commercial invoice must show the country of purchase and the country of origin of the goods. The invoice should contain:

• Name (company) and address of seller and buyer
• Place and date of issue
• Number, kind of packages
• Precise description of articles
• Volume or quantity in normal commercial units

• Invoice price (in invoice currency)
• Terms of delivery and
• Payment.

In addition, a certificate of origin may be required in some cases.
Import duties and taxes are subject to change and companies are well advised to verify the correct tariff level shortly before carrying out any export transaction. For further information, including current customs tariffs, please visit:
http://www.zoll.de/

http://www.germany.info/Vertretung/usa/en/Startseite.html

The summary declaration is to be lodged by:
• the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
• the person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:
• 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
• 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.
Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

The Modernized Customs Code (MCC) of the European Union entered into force on 24 June 2008. The MCC replaced Regulation 2913/92 and simplifies various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website for updates:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm.

U.S. Export Controls

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The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies is one of four multilateral export control regimes in which the United States and Germany participate. The Arrangement's purpose is to contribute to regional and international security and stability by promoting transparency and greater responsibility in transfers of conventional arms and dual-use (i.e., those having both civil and military uses) goods and technologies to prevent destabilizing accumulations of those items. The Wassenaar Arrangement establishes lists of items for which member countries are to apply export controls. Member governments implement these controls to ensure transfers of the controlled items do not contribute to the development or enhancement of military capabilities that undermine the goals of the Arrangement and are not diverted to support such capabilities. In addition, the Wassenaar Arrangement imposes some reporting requirements on its member governments.
The U.S. Government controls all items for export that are controlled multilaterally by the

Wassenaar Arrangement. In general, export controls for dual-use goods and technologies controlled in the Wassenaar Arrangement are administered by the U.S. Department of Commerce and controlled for National Security reasons on the Commerce Control List. The U.S. Department of State administers export controls on conventional arms.
More information under: http://www.bis.doc.gov

Temporary Entry

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For temporary entry it is usually advisable to purchase an ATA Carnet, which allows for the temporary, duty-free entry of goods into over 50 countries, and is issued by the United States Council for International Business by appointment of the U.S. Customs Service: http://www.uscib.org

Labeling and Marking Requirements

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The European Union does not generally legislate packaging and labeling requirements, but does so for what it sees as specific high-risk products. In the absence of any EU-wide rules, the exporter has to consult national regulations or inquire about voluntary agreements among forwarders that affect packaging and labeling of containers, outside packaging, etc. Importers or freight forwarders should be able to advise U.S. exporters on shipping documents and outer packaging/labeling. European Union customs legislation only regulates administrative procedures, such as type of certificate and the mention of rule of origin on the customs forms and shipping documents.
Product-specific packaging and labeling requirements applicable throughout the EU apply to food, medicines, chemicals, pharmaceuticals and other items EU authorities regard as high-risk. The stated purpose of harmonizing such legislation throughout the EU is to minimize the risk for consumers (the end user).
The CE mark is mandatory in the EU countries for any electrical apparatus and often more than one CE mark law may apply.
The relevant EU website with more details regarding CE mark/electrical equipment is http://europa.eu.int/comm/enterprise/electr_equipment/index.htm. For example, for medical devices, it is http://ec.europa.eu/enterprise/medical_devices/index_en.htm.
In addition to product-specific labeling and packaging requirements, there is also more general consumer-related legislation. http://europa.eu.int/comm/consumers/policy/developments/labelling/lab01_en.pdf

Eco-Label
Since its inception ten years ago, many companies have recognized the benefits of adopting the EU Eco-Label scheme. There are currently 135 companies licensed under the regime, and it has been awarded to 21 product groups. The products range from paints, detergents, and refrigerators to tourist accommodation. The number is growing and it is the only voluntary scheme that covers products moving across borders within the EU. It sets ecological criteria for a range of products and services in a transparent way so that the consumer can make a more informed choice in order to support sustainable consumption patterns. The EU Eco-Label program takes the lifecycle (from cradle to grave) of a product into account, e.g., the materials, health implications, and waste factors that may have an impact on the environment.

The “Blue Angel” is a voluntary environmental labeling program created in 1978. It is the oldest environment-related label in the world. The mark is awarded to products and services, which are beneficial to the environment. High standards of occupational health and safety, ergonomics, economical use of raw materials, service life and disposal are also factors covered under this “seal of approval.”

According to the German Ministry for Environmental Affairs, the Blue Angel offers companies the opportunity to document their environmental competence in a simple and inexpensive way, thereby enhancing their market image. About 3,700 products and services have been awarded the label, including, recently, mobile phones and marine transport.

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at: http://www.buyusainfo.net/docs/x_4171929.pdf.

The subject has been also been covered in the section about standards (see below).

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The website of the German Customs Authorities is: http://www.zoll.de/

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

European Union standards created under the New Approach are harmonized across the 27 EU Member States and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union.

Most manufacturers believe the EU's attempt to harmonize the various product safety requirements and related standards for industrial products of its member states has generally helped open member state markets. It did not, however, eliminate entirely voluntary national requirements, a fact which complicates the issue. Theoretically, during a transition period, national requirements must be met. (After the transition period, the EU "CE" mark supersedes all other compliance certificates, provided the products in question are covered by an EU directive.) The EU's efforts to harmonize standards through the "New Approach" certification-facilitating directives (and separately developed European standards) are incomplete as far as sectors covered. In some cases, U.S. firms (for example, in the automotive or pharmaceutical sectors) will have to worry about complying with the specific requirements of all applicable "Old Approach" product-specific EU technical legislation.

This is doubly important because, to the extent EU-wide standards are developed, there is a high probability that the existing German standard will form the basis for the eventual European standard. In many cases, Germany will also be the first member country to implement EU-wide standards. The implementation of electromagnetic compatibility standards (EMC), despite a five-year phase-in period, surprised many affected companies - not only foreign, but also German.

German buyers may require additional performance or quality marks, which are not necessarily legally required, but which greatly enhance a product's chances to be marketed. Both EU requirements and the standards for a German quality or performance mark will, in many cases, require modifications for an imported product. Even if the product does not require modification, it may still need testing and certification before it can be marketed.

Two non-mandatory marks which may still be critical to successfully marketing product in Germany are the "geprüfte Sicherheit" (GS) mark, for mechanical products, and the "Verband Deutscher Elektrotechniker" (VDE) mark for electrical components.
Neither the "GS" nor the "VDE" mark are mandatory for most products sold in Germany except for products for use in certain work place applications, where these marks are required to meet insurance requirements. However, many German consumers look for these marks as an additional sign of quality, similar to the UL mark in the U.S., regardless of legal requirement

Standards Organizations Return to top

Standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization(http://www.cenelec.org/Cenelec/Homepage.htm)

- ETSI, European Telecommunications Standards Institute (http://www.etsi.org/)

- CEN, European Committee for Standardization, handling all other standards(http://www.cen.eu/cenorm/homepage.htm)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. The German organization that compiles standards is the Deutscher Industrie Normenausschuss - DIN (German Standards Institute, www.din.de 12). The DIN also compiles the standards that lay down the requirements for a "GS" mark. Since 1975, DIN has been recognized by the German government as the national standards body and represents Germany's interests at the international and EU levels. DIN offers a forum in which interested parties meet in order to discuss and define their specific standardization requirements and to record the results as German Standards. In DIN, standard work is carried out by some 26,000 external experts, serving as voluntary delegates in more than 4,000 committees. Draft standards are published for public comment, and all comments are reviewed before final publication of the standard. Published standards are reviewed for continuing relevance at least every five years. According to DIN, standards are designed to promote rationalization, quality assurance, safety, and environmental protection, as well as improving communication between industry, technology, science, government, and the public domain. The input of external experts into standardization is organized through standards committees and working groups. Each standards committee is responsible for a distinct area of activity and coordinates the corresponding standardization work at the EU and international levels. As a rule, the standards committee in DIN includes a number of technical sub-committees. There are currently 76 standards committees that maintain their own websites. Basic details of their area of activity and a list of the standards are published in English. Links to these committees are available on the DIN website

NIST Notify U.S. Service
Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual Member State country in this list by the European Commission. http://ec.europa.eu/enterprise/newapproach/nando/

Accreditation of conformity assessment bodies
Conformity assessment bodies evaluate the competence of German entities to carry out tests and certifications in accordance with third country law. Following a successful appraisal, the entities are accredited, and the scope of their accredited work is designated by the conformity assessment body of a Federal Ministry.

EC agreements with third countries
The Mutual Recognition Agreements on Conformity Assessment (MRAs) form the basis of the accreditation and designation of conformity assessment bodies. These agreements stipulate that the authority in the importing country recognizes the evaluation of devices or quality management systems conducted by a conformity assessment body located in the exporting country. This situation means that EU manufacturers can receive confirmation of compliance with third country regulations from EU conformity assessment bodies. The agreements imply the mutual acceptance of conformity assessment bodies and systems. They do not however imply mutual recognition (harmonization) of regulation. Thus, the regulations of the importing contract party apply.

MRA with the United States
The Agreement on Mutual Recognition with the United States of America was signed with the EU on May 18, 1998, and came into effect June 22, 1998.

The texts of the agreement and further information can be found on the EU website, http://europa.eu.int/comm/trade. All conformity assessment bodies accredited are obliged to participate in the confidence-building exercises and in the national MRA information exchange. This information exchange of the notified bodies is in accordance with the Medical Devices Law (EK-Med).

Recognized conformity assessment bodies
An overview of existing recognized conformity assessment bodies can be found on the website of the European Commission, http://europa.eu/index_en.htm

Product Certification

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To sell products on the EU market of 27 Member States, as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards.

Organizations responsible for testing and certification are, for example, Underwriters Laboratories or the "Technischer Überwachungsverein e.V. - TÜV" (Technical Inspection Association). TÜVs are private companies set up by various German states to inspect and test products for compliance with German safety standards. Individual TÜVs have also been authorized by the German Government to test products for compliance with

EU legislation and many have established representative offices in the United States. Within the DIN group, certification services are offered by: DIN CERTCO (product and services certification), and DQS (management systems).

For the VDE (Association for Electrical, Electronic & Information Technologies) mark, which is applicable for electrical products only, companies can obtain information directly from the VDE (www.vde.com). The process for "VDE" certification is the same as that of the "GS" mark. Firms interested in certification should contact a U.S.-based test laboratory or a Conformity Assessment Body
(see: http://ts.nist.gov/Standards/Global/europe.cfm).

Self-Certification
For certain products, self-certification by manufacturers (through a Manufacturer's Declaration of Conformity) is sufficient. Further information is available from the contacts listed at the end of this chapter (see http://www.buyusa.gov/europeanunion).

Agreements on Certification
CB - IEC System for Conformity Testing to Standards for safety of electrical equipment
CCA - CENELEC Certification Agreement
CECC - CENELEC Electronic Components Committee - System for electronic components of assessed quality
ENEC - ENEC Agreement
HAR - CENELEC Agreement for the use of an agreed marking for cables and cords in combination with harmonized standards
IECQ - IEC System for the quality assessment of electronic components and associated materials

Accreditation Return to top

Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, are allowed to test in the United States to EU specifications, and vice versa. The costs are significantly lower which results in U.S. products becoming more competitive. At this time, the U.S.-EU MRAs cover the following sectors: Electromagnetic Compatibility (in force), Radio and telecommunications terminal equipment (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force) and marine equipment (in force). The U.S. Department of Commerce, National Institute of Standards and Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement.
http://ts.nist.gov/Standards/Global/mra.cfm

The German Accreditation Council (DAR) is a working group established in 1991 by ministries of the German Federal Government, ministries of the German federal states, and by representatives of the German industry.

The DAR coordinates the activities in the field of accreditation and recognition of laboratories, certification, and inspection bodies as far as they are represented in the DAR; it represents German interests in national, European and international organizations dealing with general issues of accreditation and recognition, including voluntary and mandatory (KOGB) areas. The DAR itself does not carry out any accreditations or recognitions.

All accreditation bodies represented in the DAR are operating on the basis of the EN 45000/EN ISO/IEC 17000 standard series and the DAR resolutions. With permission of the DAR, they may therefore use DAR certificates for accreditation.

Publication of Technical Regulations

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Technical regulations are published by the publishing house of DIN, Beuth Verlag: www.beuth.de

The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering draft and adopted legislation as well as case law, questions from the European Parliament, studies by committees, and more (http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en). It lists the standards reference numbers linked to legislation (http://www.newapproach.org/Directives/DirectiveList.asp).

National technical Regulations are published on the Commission's website http://ec.europa.eu/comm/enterprise/tris/ to allow other countries and interested parties to comment.

Labeling and Marking

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Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption. The EU Metric Directive (80/181/EEC), scheduled to go into effect January 1, 2010, has been modified to allow the continuation of both supplemental (U.S. customary, inch-pound) and metric units for consumer goods sold in the EU.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC, to replace 80/232/EC in April 2009, harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.
http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

The EU Eco-label
EU legislation in 1992, revised in 2000, distinguishes environmentally friendly products and services through a voluntary labeling scheme called the Eco-label. Currently, the scheme applies to 7 product groups: cleaning products, appliances, paper products, clothing, lubricants, home and garden products and tourism services. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show

that their product is less harmful to the environment than similar products. This "green label" also aims to encourage consumers to buy green products. However, the scheme does not establish ecological standards that all manufacturers are required to meet to place product on the market. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and Regulations.

The EU Eco-label is a costly scheme (up to EUR 1,300 for registration and up to EUR 25,000/year for the use of the label, with a reduction of 25% for SMEs) and has therefore not been widely used so far. However, the Eco-label can be a good marketing tool and, given the growing demand for green products in Europe, it is likely that the Eco-label will become more and more a reference for green consumers.
http://buyusainfo.net/docs/x_4284752.pdf
http://ec.europa.eu/comm/environment/ecolabel/index_en.htm
http://www.eco-label.com/

Agricultural Products Return to top

General Veterinary Requirements: In April 1997, the U.S. and the EU reached an equivalency agreement on an overall framework for recognizing each other's veterinary inspection systems. The veterinary equivalency agreement covers more than USD 1.5 billion in U.S. animal product exports to the EU and an equal value of EU exports to the United States. The agreement preserved most pre-existing trade in products, such as pet food, dairy, and egg products. All beef and pork exported to Germany for human consumption must come from slaughterhouses, cutting plants, and cold stores approved for export to the EU. Since 1989, the EU has prohibited imports of beef from cattle treated with growth hormones. Soon after this ban went into effect, an agreement was reached between the United States and the EU that allows American producers of beef from animals not treated with hormones to export to the EU under certain conditions.

Beef: The EU beef market is largely insulated from the world market by high import duties. Import opportunities do exist, however, for selected products that are covered by fixed, relatively low tariffs or special quota. Most notably, the EU grants market access through a quota for annual imports of up to 11,500 MT of high-quality beef (HQB) from the United States and Canada. Beef entering the EU under the HBQ tariff-rate quota are subject to a 20 percent duty. In addition, starting in 2009, an autonomous tariff quota for high quality beef at zero percent duty was established for up to 20,000 MT per July/June marketing year.

Pork: Selected market opportunities exist for imports of pork. Market access within the EU has improved through the creation of a tariff-rate quota (TRQ) totaling 67,869 MT. The TRQ includes a 40,265 MT allocation for tenderloins, boneless loins and boneless hams. In addition, a 4,722 MT TRQ is reserved for boneless loins and boneless hams from the United States.

Poultry: Unfortunately, U.S. and EU negotiators have not been able to reach agreement on a number of important points during the veterinary equivalency negotiations, particularly in the poultry sector. The most contentious issue is the use of pathogen reduction treatments in U.S. poultry processing. Most forms of anti-microbial treatments are prohibited in the EU. The EU's ban on anti-microbial treatments effectively blocks U.S. poultry exports to the EU, which were estimated at USD 50 million in 1996.

Dairy Products: The veterinary agreement allows for U.S. dairy products export to Germany and the EU from approved establishments under a fixed tariff.

Pet food: U.S. pet food exports to the EU must comply with EU regulation 1774/2002. This regulation, implemented in 2004, requires that animal by-products used in the production of feeds and pet food be derived from the carcasses of animals declared fit for human consumption following veterinary inspection. Provisions include a ban on intra-species recycling, fallen stock and restrictions on yellow grease. Certain categories of pet food have to be denatured with specified substances. Pet food plants have to be dedicated to the production of product fit for human consumption.

Plant Health: As part of the Single Market exercise, plant health regulations in the 27 European Union Member States have been harmonized. The regulations went into effect on June 1, 1993, for the 15 members then in the EU and in 2004 for the new accession countries. The EU has been successful in reducing the number of phytosanitary restrictions and new marketing opportunities have been created for U.S. horticultural exports. Phytosanitary certificates are required for many imported fresh products. With respect to the use of solid wooden packing materials (SWPM), it is important to note that the EU requires that all SWPM be either heat treated or fumigated beginning July 1, 2009. In addition to these treatment requirements, the material has to be free of bark. EU scientists fear that improperly treated SWPM is at risk for re-infestation. International plant protection standards as agreed upon by the United States do not require the absence of bark. Exporters should carefully follow the status of EU import requirements to avoid problems at the EU port of entry.

Horticultural Products: Germany is an important market for United States horticultural products. Principal products include almonds, walnuts, pistachios, prunes, raisins, citrus, and pears. Horticultural products entering Germany face a number of import restrictions. In addition to considerable tariffs that vary by product, imports of selected produce (tomatoes, cucumber, artichokes, zucchini squash, citrus, table grapes, apples, pears, apricots, cherries, peaches, nectarines and plums) are subject to an entry price system. Under such a system, imports that have a price at or above the respective entry price are assessed only the appropriate ad valorem duty. Imports, which have a price below, but within a certain range of the entry price, are assessed the ad valorem duty plus a specific duty that is the difference between the import price and the entry price. "Within a certain range" generally means within eight percent of the entry price. Imports having a price more than 8% below the entry price are assessed the ad valorem duty plus a very large specific duty (known as the tariff equivalent) which generally takes the cost of the product (import price plus duties) far above the entry price.

Organic Products: Until 2008 the German organic market had been growing at near double digital rates annually. In 2009, this growth leveled off as demand for organic products in conventional food stores decreased by several percentage points. Sales through specialized organic food stores are still increasing. The share of organic production in German agriculture is estimated to be about five percent. There are currently two regulations for organics in the EU, one for standards and one for imports. Implementation of the new import regulation framework for organic products started on

January 1, 2009. Previously imported products had to be checked by the Member State for each individual product in an import authorization procedure. Under the new regulation, in countries such as the U.S. that are not on the equivalency list, products can be certified by control bodies. These control bodies must be directly approved for by the EU Commission. There is a transition period where it is still possible to import organic products through the old system. This possibility ends on January 1, 2013.

Consumer-Ready Products: Imports of consumer-ready food products into Germany face many market access restrictions and very strict food laws. In addition to bound import duties, the EU has established a complex system of border protection measures for food products. Depending on the world market situation for basic agricultural commodities, such as dairy products, sugar and cereals the EU mechanism of flexible tariffs may require variable import duties to protect European consumer-ready food products from imports made with lower-price inputs. Therefore, at many times processed products entering the EU are subject to additional import charges based on the percentage of sugar, milk fat, milk protein, and starch contained in the product. These additional import charges have made many imported processed food products non-competitive in the EU market. Reports on the German retail and gastronomy sectors are available under “attaché reports”
at http://www.fas.usda.gov/scriptsw/attacherep/default.asp.

Packaging Disposal: With the tremendous increase in waste and disposal problems, Germany has established legislation that contains certain rules for the disposal of packaging materials. In response to this legislation, a cooperative effort for the collection and recycling of packaging materials was initiated. The organization involved is called the “Duales System Deutschland” and it administers the use of the “Green Dot,” a recycling symbol that is found on the packaging material of virtually all products sold in Germany. While packaging materials for products sold in Germany are not legally required to carry the Green Dot, it is almost impossible to market a product in Germany without it. Typically, the importer pays a license fee to the user of the Green Dot, depending on the type and amount of packaging, and provides the exporter with the information necessary. In 2003, German retailers began requesting a deposit for disposable or "one-way" drink packages, i.e., soft drink or beer cans. Since the requested deposit is about three times as high as that requested for returnable beer bottles, it could disadvantage imported drinks.

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

Trade Agreements

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For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see http://tcc.export.gov/Trade_Agreements/index.asp.

Web Resources

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1. Product legislation:

http://ec.europa.eu/enterprise/index_en.htm
http://www.ts.nist.gov/ts/htdocs/210/217/export-alert.htm

2. CE Mark legislation:

http://europa.eu.int/comm/enterprise/newapproach/legislation/guide/
http://www.newapproach.org/

3. European standards:

http://europa.eu.int/comm/enterprise/newapproach/legislation/guide/
http://www.newapproach.org/
http://www.cenorm.be/catweb

4. EU Notified bodies:

http://www.europa.eu.int/comm/enterprise/newapproach/legislation/nb/notified_bodies.htm

5. Test laboratories:

http://www.ts.nist.gov/ca

6. Deutscher Akkreditierungsrat (DAR):

http://www.dar.bam.de/

7. Labeling:

http://europa.eu.int/comm/consumers/policy/developments/labelling/lab01_en.pdf

8. TÜV:

http://www.tuvamerica.com/

9. Other Sources:

BMU – (Federal Environment Ministry)
http://www.bmu.de/

BMWA –(Federal Ministry of Economics and Labor)
http://www.bmwi.de/

DAR – (German Accreditation Council)
http://www.dar.bam.de/

DIN – (German Standards Institute)
http://www2.din.de/

NIST – National Institute of Standards and Technology
http://www.nist.gov/

UL - Underwriters Laboratories, Inc.
http://www.ul.com/

VDE – Verband der Elektrotechnik, Elektronik und Informationstechnik
(Association for Electrical, Electronic & Information Technologies.)
http://www.vde.de/

VDMA - Verband deutscher Maschinen- und Anlagenbau e.V.
http://www.vdma.de/

ZLG – Zentralstelle der Länder für Gesundheitsschule bei Arzneimitteln und Medizinprodukten
(Central Authority of the Federal States for Health Protection regarding Medicinal products and Medical Equipment)
http://www.zlg.nrw.de/

ZVEI - Zentralverband Elektrotechnik- und Elektronikindustrie e.V.
(Central Federation for the German Electrical and Electronics Industry)
http://www.zvei.de/

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Chapter 6: Investment Climate

Indices	**2009**
TI Corruption Perception Index (CPI)	Rank 14 of 180, CPI 8,0 (7.9 in 2008)
Heritage Economic Freedom Index	Rank 25 of 179, freedom score 70.5 (-0.1 from 2008)
World Bank Doing Business Index	Rank 25 of 183

Openness to Foreign Investment

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The German government and industry actively encourage foreign investment in Germany, and German law provides foreign investors national treatment. Under German law, foreign-owned companies registered in the Federal Republic of Germany as a GmbH (limited liability company) or an AG (joint stock company) are treated no differently from German-owned companies.

Germany also treats foreigners equally in privatizations. There are no special nationality requirements on directors or shareholders, nor do investors need to register investment intent with any government entity except in the case of acquiring a significant stake in a firm in the defense or encryption industries. The investment-related problems foreign companies do face are generally the same as for domestic firms, for example high marginal income tax rates and labor laws that impede hiring and dismissals. The German government has begun to address many of these problem areas through its reform programs. German courts have a good record in upholding the sanctity of contracts.

The 1956 U.S.-FRG Treaty of Friendship, Commerce and Navigation affords U.S. investors national treatment and provides for the free movement of capital between the U.S. and Germany. Germany subscribes to the OECD Committee on Investment and Multinational Enterprises' (CIME) National Treatment Instrument and the OECD Code on Capital Movements and Invisible Transactions (CMIT). While Germany's foreign trade act contains a provision permitting restrictions on private direct investment flows for reasons of national security, no such restrictions have been imposed in practice. In such general cases, the federal government would first consult with the Bundesbank and the governments of the federal states. Specific legislation requiring government screening of foreign equity acquisitions of 25% or more of German armaments companies took effect in July 2004. Under the 2004 law, foreign entities that wish to purchase more than 25% equity in German manufacturers of armaments or cryptographic equipment are required to notify the Federal Economics and Technology Ministry, which then has one month in which to veto the sale. The transaction is regarded as approved if the Economics and Technology Ministry does not react in that time. The German government expanded the scope of the law in 2005 to include tank and tracked-vehicle engines.

In 2009, the scope of the foreign trade act was further expanded when Germany's Cabinet approved an amendment that requires the German government to examine and potentially prohibit the acquisition of German companies by non-EU investors if they intend to buy more than 25% of the company's shares in cases where a threat to national security or public order is perceived. The Law entered into force in spring 2009. According to the Federation of German Industries (BDI) and the American Chamber of Commerce in Germany, no foreign companies have complained so far about difficulties under the amendment.

Germany ranks 14th in the Transparency International Corruption Perception Index (CPI) that compares 180 countries worldwide (rank 1 being the country with least corruption).

Conversion and Transfer Policies Return to top

As a result of European Economic and Monetary Union (EMU), the Deutsche Mark (DM) was phased out on January 1, 2002, and replaced by the euro, which is a freely traded currency with no restrictions on transfer or conversion and which is the unit of currency in Germany and more than 20 other European countries. There is no difficulty in obtaining foreign exchange. There are also no restrictions on inflows and outflows of funds for remittances of profits or other purposes.

Expropriation and Compensation Return to top

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

Dispute Settlement

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Investment disputes concerning U.S. or other foreign investors and Germany are rare. Germany is a member of the International Center for the Settlement of Investment Disputes (ICSID), as well as a member of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. German courts are fully available for foreign investors in the event of investment disputes. The government does not interfere in the court system and accepts binding arbitration.

Performance Requirements and Incentives

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European Union, federal and state authorities offer a broad range of incentive programs for investors in Germany. Cash Grants under the Joint Agreement for the Improvement of Regional Economic Structures is one available instrument for improving the infrastructure of regional economies and the economy as a whole – a primary objective of the German federal and state governments.

A comprehensive package of federal and state investment incentives, including cash, labor-related, and R&D incentives, interest-reduced loans, and public guarantees is available to domestic and foreign investors. In some cases, there may be performance requirements tied to the incentive, such as employment creation and maintaining a certain level of employment for a prescribed length of time. There are no requirements for local sourcing, export percentage, or local national ownership. Offsets have been a part of procurements by some state and local governments and by the federal government for some defense procurement, but they are infrequently used at present. Germany is in compliance with its WTO TRIMS notification.

The government has emphasized investment promotion in the states of the former East Germany and offers several programs only in these regions. The major program is the Investment Allowance Act, which provides tax incentives for investments in the eastern states in the form of tax-free cash payments or tax credits. With the beginning of the new budgetary period of the EU, which started in January 2007 (and runs through 2013), Germany is to receive a total of EUR 26.3 billion. The accession of new EU member countries in 2004 reduced subsidy levels for Germany beginning in 2007. The German states located in the former East Germany received the majority of the EU subsidies allocated to Germany, EUR 15.1 billion, for the budget period of 2007-2013.

Foreign investors are generally subject to the same eligibility conditions as German investors for incentive programs.

Programs in Germany:

- Investment grants: Cash incentives in the form of non-repayable grants usually based on investment costs or assumed wage costs. Incentives vary according to the economic development level of the region and the overall investment costs, with up to 30 percent of eligible expenditures channelled to large enterprises, 40 percent to medium-sized enterprises and 50 percent to small enterprises.

- Credit Programs: loans at below-market interest rates from the Bank for Reconstruction, the European Recovery Program, and other programs for small technology firms and environmental demonstration projects.
- Public guarantees: Public guarantees for companies which do not have the collateral that private-sector banks ordinarily require.
- Labor incentives: Recruitment support from 800 local job centers, including free services, training support, wage subsidies, and on-the-job training.

Firms from the United States and other countries may also participate in government-funded and/or subsidized research and development programs, provided that:

- The company is legally established in Germany;
- The activity is a long-term operation with significant R&D capacities;
- The firm can exploit intellectual property rights independently of a parent company;
- Preference is given to locating manufacturing facilities in Germany for any production resulting from the research;
- The sponsored research is performed entirely Germany.

American business representatives generally report that these formal requirements and the administration of the programs by German authorities do not constitute barriers for access to R&D funding.

Foreign investors can obtain more information on investment conditions and incentives from:

Germany Trade and Invest
The inward investment promotion agency of the Federal Republic of Germany
Friedrichstraße 60
10117 Berlin, Germany
Telephone: [49][30] 2000 99 0
Telefax: [49][30] 2000 99 111
www.gtai.com

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Germany Trade and Invest is the foreign trade and investment agency of the Federal Republic of Germany, formed by the merger of Invest in Germany with the German Office for Foreign Trade in January 2009.

American companies can, with effort, generally obtain the resident visas and spouse work permits they require to do business in Germany, but the relevant laws are quite broad and considerable administrative discretion is exercised in their application. A number of U.S. states have not yet concluded reciprocal agreements with the German government to recognize one another's driver's licenses. As a result, licenses from those states are not usable in Germany for longer than six months, whereas licenses from states that have signed agreements can be converted to German licenses after six months.

Right to Private Ownership and Establishment

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Foreign and domestic entities have the right to establish and own business enterprises, engage in all forms of remunerative activity, and acquire and dispose of interests in business enterprises.

Protection of Property Rights

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The German Government adheres to a policy of national treatment, which considers property owned by foreigners as fully protected under German law. There is almost no discrimination against foreign investment and foreign acquisition, ownership, control or disposal of property or equity interests, with airline ownership being an exception based on EU regulations, which require an EU majority ownership of shares to obtain an operating permit as an EU airline. In Germany, the concept of mortgages is subject to a recognized and reliable security. Secured interests in property, both chattel and real, are recognized and enforced.

Intellectual property is well protected by German laws. Germany is a member of the World Intellectual Property Organization (WIPO). Germany is also a party to the major international intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Universal Copyright Convention, the Geneva Phonograms Convention, the Patent Cooperation Treaty, the Brussels Satellite Convention, and the Treaty of Rome on Neighboring Rights.

National treatment is also granted foreign copyright holders, including remuneration for private recordings. Under the TRIPS agreement, the federal government also grants legal protection for practicing U.S. artists against the commercial distribution of unauthorized live recordings in Germany. Germany has signed the WIPO Internet treaties and ratified them in 2003. Foreign and German rights holders, however, remain critical of provisions in the German Copyright Act that allow exceptions for private copies of copyrighted works. Most rights holder organizations regard German authorities' enforcement of intellectual property protections as sufficient, although problems persist due to lenient court rulings in some cases and the difficulty of combating piracy of copyrighted works on the Internet.

In 2008, Germany implemented the EU enforcement directive with a national bill, thereby strengthening the privileges of rights holders and allowing for improved enforcement action.

Transparency of Regulatory System

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Germany has transparent and effective laws and policies to promote competition, including anti-trust laws. German authorities recently lifted many restrictions on store business hours, which had formerly restrained competition and business opportunities. There are concerns in Germany and abroad about the level of regulation prevailing with regulatory authority dispersed over the federal, state, and local levels. Many investors consider Germany's bureaucracy excessive, which has prompted most state governments to establish investment promotion offices and investment banks to expedite the process. New rules have simplified bureaucratic requirements, but industry must sometimes contend with officials' relative inexperience with deregulation and lingering pro-regulation attitudes.

In response to the problem, the federal government continues to reduce bureaucracy. In 2006, the National Regulatory Control Council was established, tasked with evaluating policy and assessing the impact of lawmaking. Based on its findings, the council reports annually and recommends further measures. The federal government also set the target of reducing the costs of law-induced bureaucracy by 25 percent by 2011. The new Economics Minister Rainer Brüderle (pro-market FDP) seems to be very interested in reducing the bureaucratic burden and has moved the section within the Economics Ministry dealing with bureaucracy reform closer to his own office. Germany now uses the Standard Cost Model to quantify and identify bureaucratic costs in every new legislative proposal. This provides increased transparency about the amount of time and cost that companies and citizens have to spend because of bureaucratic requirements. The German National Regulatory Control Council estimates that applying the Standard Cost Model has reduced bureaucratic costs by 3 billion euros in the past two-and-a-half years, measured against the bureaucratic burden that was in effect before new, improved legislation.

Laws and regulations in Germany are routinely published in draft, and public comments are solicited. The legal, regulatory and accounting systems can be complex but are transparent and consistent with international norms.

Efficient Capital Markets and Portfolio Investment

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Germany has a modern financial market sector but is often considered "over-banked," as evidenced by on-going consolidation and low profit margins. The country’s so-called “three-pillar" banking system, made up of private commercial banks, state-owned and cooperative banks, and savings banks, survived the global financial crisis, but pressures to consolidate are increasing. To improve their international competitiveness, the large privately-owned banks in particular have launched massive cost-cutting programs. Regional state-owned banks ("*Landesbanken*") were among the hardest hit by the crisis. Their future seems unclear, as the EU Competition Commissioner has attached tough downsizing conditions in return for approving federal and state government bailout packages. The financial crisis also triggered the take-over of Dresdner Bank by Commerzbank and that of Post Bank by Deutsche Bank. This has effectively reduced the number of top German banks to just two.

In the midst of the financial crisis, the German government passed a bank rescue plan ("SOFFIN") worth 480 billion euros. The two most prominent recipients of rescue funds were Commerzbank (its take-over of Dresdner Bank brought it to the brink of bankruptcy) and Hypo Real Estate (HRE). In the case of HRE, the government even departed from its long-standing tradition and nationalized the bank in order to prevent a breakdown of the German (and European) covered bond market – which is the backbone of German real estate financing. The law permitting the expropriation of HRE was designed for that institution only and expired in June 2009. There are currently several court cases pending in which the government action of “squeezing out” HRE’s old owners is being challenged. One such high-profile case is that of U.S. private equity firm, JC Flowers, which led a consortium of investors owning nearly 25 percent of the troubled bank prior to nationalization. The government argued that without its actions, HRE would have been insolvent, and owners would have lost their assets anyway. At 1.30 euros per share, the German Government paid an estimated 10 cents more than the actual market value of HRE stock.

Credit is available at market-determined rates to both domestic and foreign investors, and a variety of credit instruments are available. Legal, regulatory and accounting systems are generally transparent and consistent with international banking norms, but in light of the current global financial turmoil, Germany is pushing for even more transparency in international financial markets. Germany has a universal banking system that is effectively regulated by federal authorities. There is currently some concern that the economic crisis in connection with tougher capital requirements for banks mandated in the G-20 may cause a shortage of credit in the German economy. The German government has taken action to ease the situation through the offer of additional state financing options through its state lender KfW.

Given the prevailing overall economic conditions, mergers and acquisitions (M&A) have decreased in recent years in line with global trends. Prior to the global financial crisis, Germany had seen an upswing in M&A transactions due to improved economic conditions, the increased financial assets of the top 30 companies listed in the German stock exchange (DAX), and the high value of the euro. "Cross shareholding" exists among some large German companies, in particular among banks that hold shares in large industrial customers. However, Germany's major banks have been reducing their cross-shareholdings in recent years.

In response to a 2004 EU directive, the government has implemented legislation that established new rules to ensure greater transparency for takeovers. The new law went into effect in 2006.

In recent years, Germany has implemented a series of laws to improve its securities trading system, including laws against insider-trading and the Fourth Financial Market Promotion Law in 2003. In 2002, a corporate governance code was adopted, which, while voluntary, requires listed companies to "comply or explain" why the code or parts thereof have not been followed. The code is intended to increase transparency and improve management response to shareholder concerns. The Finance and Justice Ministries drew up a ten-point plan in 2003 to improve investor protection. As a part of that plan, the government tabled a bill in November 2004 that would (a) increase the liability of boards of directors for false or misleading statements; and (b) improve oversight of auditing operations. The EU's Financial Services Action Plan – an effort intended to create a more integrated European financial market by 2005 – has helped stimulate changes in the German regulatory framework, including adoption of

International Accounting Standards for listed firms and use of company investment prospects on an EU-wide basis. In 2008, Germany passed legislation that makes private equity firms subject to greater transparency rules, including the publication of a business plan for the acquired company.

Competition from State Owned Enterprises

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State-owned or partially state-owned enterprises still exist in several sectors, most importantly in postal services, railroads, telecommunications and the banking sector.

Privatization of state-owned utilities has promoted competition and led to falling prices in some sectors. Following deregulation of the telecommunications sector in 1998, scores of foreign and domestic companies invested vast sums in that sector. Since then, former state monopolist Deutsche Telekom (DT) has lost more than 48% of the fixed-line market to competitors (while at the same time profiting from them, as they must lease the last mile from DT), and it still controls 47% of DSL broadband connections. The 2003 introduction of call-by-call and pre-selection in the local loop allowed competitors to increase their share of the local call market to an estimated 49% by mid-2006. In June 2004, a new telecommunications law to implement EU directives entered into force. The law mandates less regulation in some areas while giving the regulator new powers to address abuse of market dominance and ensure competitors' access to services. A second amendment to the telecommunications law became effective in early 2007. Aimed at strengthening consumer rights, it also includes a controversial component entitling the incumbent to a regulatory holiday in return for a sizeable investment in a VDSL network, providing the investment creates a "new market." The regulator determines the definition of "new markets" and can subsequently rule on the entitlement to a regulation-free timeframe. However, in 2009 the European Court of Justice ruled that the regulatory holiday granted to DT infringes on European law. The German government continues to hold a 32% share in DT, although it has expressed its desire to sell these shares eventually.

Competition has come to the electricity market since 1998, especially since the German Government began to take serious measures to open the market. The gas sector has proved particularly resistant to the EU Directive in 2000 to liberalize the market but is opening now. In July 2005, the Regulatory Authority for Telecommunications and Post (RegTP) became the Federal Network Agency (FNA) and took over responsibility for gas and electricity network prices and access. In summer 2006, it began issuing orders to incumbents in the electricity market to cut prices. Action against gas suppliers started a year later. The FNA is currently preparing new regulations to force pipelines to accept more gas from competitors and increase cross-border pipeline capacity. Rising energy prices and rising profits in the energy sector increased consumer and political pressure on the industry to contain prices. Legislation to force utilities to accept new competing power stations into their nets went into force in 2007 and to increase the authority of the Federal Cartel Office (Bundeskartellamt) in this sector in 2008. The Cartel Office has used this authority to force approximately 30 gas suppliers to lower their prices and in many cases to repay customers. However, the severe economic downturn has reduced the demand for energy and created upward pressure on electricity prices. Ironically, gas prices are tending down because of market saturation. The EU has withdrawn plans to bring charges of price fixing and territorial demarcation against leading German energy utilities after two utilities agreed to sell their long-distance power or gas transmission lines, thereby submitting to the EU's unbundling demands. One has finalized the sale of its transmission lines, a second is finalizing the sale. Both buyers are foreign net operators. The sale of long-distance gas pipelines has not yet been realized. As consumers begin to change suppliers in the electricity market in particular, courts are also increasingly supporting consumers against energy suppliers, usually gas providers. After years of competitive stagnation, some new foreign competitors have entered the power market in recent years and are beginning to move into the gas market.

The government partially privatized Deutsche Post (DP) in November 2000 and is slowly divesting its remaining shares. It currently holds a 30.5% share in DP. After successive rounds of liberalization, DP's monopoly on letter delivery expired on December 31, 2007; full competition now exists in the German postal sector. A new minimum wage law in the postal sector was regarded by some competitors, however, as favoring Deutsche Post and as leading to the demise of several major competitors. DP to date still enjoys VAT exemption (of 19%) for offering universal service. However, VAT exemption will likely be reduced to private individual's letters and light parcels in July 2010, following a ruling by the European Court of Justice in late 2009. According to draft legislation, competitors will also be entitled to VAT exemption if they offer universal service. Germany's Cartel Office, which enjoys an excellent international reputation, and Germany's other regulatory agencies address problems and settle complaints brought forward by foreign market entrants and bidders. However, as noted above, German law and court decisions have limited these agencies' effectiveness in some areas.

The planned sale to private investors of just under 25% of the 100% government-owned railway Deutsche Bahn (DB) did not take place. The government scaled down the original privatization plan for just below 50% to just below 25%. The change was largely due to unresolved disputes within the CDU/SPD coalition government over the retention of ownership of both rolling stock and the rail network. The SPD supported the position of DB and the unions to retain DB control over both rolling stock and the rail network in the midst of increasing grass roots opposition to any privatization at all. The CDU was also divided but generally favored unbundling ownership of rolling stock and the rail network for competitive reasons. On January 1, 2006, the Federal Network Agency took over responsibility for access and prices issues regarding competitors' access to the railroad network. A series of data privacy scandals forced the resignation of the DB CEO in 2009, when DB also started to have serious safety problems with high-speed, freight and Berlin light rail rolling stock, primarily due to lack of maintenance. Public and political outrage at the perceived attempt to cut costs to improve DB's attractiveness for privatization, but at the expense of safety, has led to the new coalition government putting the privatization on ice, officially because of poor market conditions in the financial crisis.

Three different types of banks exist in Germany: privately-owned banks, state-owned banks (Landesbanken) and cooperative banks. The Landesbanken used to have advantages over privately-owned banks in obtaining credit. Under the pressure of Germany's privately-owned banks, the EU forced an end to these advantages in 2005. This means that the Landesbanken can no longer raise money cheaply with a AAA rating because of state guarantee. At the moment, foreign banks do not have to fear any unfair competition from state-owned or cooperative banks.

Corporate Social Responsibility

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The Federal Ministry of Labor and Social Affairs is the leading ministry for CSR within the German government, and it is currently developing a national CSR strategy. The Ministry of Labor has installed a CSR Forum in January 2009 as a platform for dialogue with relevant stakeholders. The CSR Forum consists of around 40 organizations from business, unions, civil society and politics. Its task is to develop recommendations for the Labor Ministry's national CSR Strategy and to participate in its implementation once the strategy has been adopted. Because of the restructuring of the Labor Ministry after the elections, the work of the CSR forum is currently stalled.

On the business side, the American Chamber of Commerce in Germany (AmCham Germany) is active in upholding the standards of social responsibility within the realm of their members' corporate business. AmCham Germany issues regular publications on companies' CSR approaches and has established a committee on corporate social responsibility as a platform for the exchange of best practices, to identify trends and to discuss regulatory initiatives.

Political Violence

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

Corruption

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Among industrialized countries, Germany ranks in the middle, according to Transparency International's corruption indices. The construction sector and public contracting, in conjunction with undue political party influence, represent particular areas of continued concern. Nevertheless, U.S. firms have not identified corruption as an impediment to investment.

The German government has sought to reduce domestic and foreign corruption. Strict anti-corruption laws apply to domestic economic activity, and the laws are enforced.

Germany ratified the 1998 OECD Anti-Bribery Convention in February 1999, thereby criminalizing bribery of foreign public officials by German citizens and firms abroad. The necessary tax reform legislation ending the tax write-off of bribes in Germany and abroad became law in March 1999. Germany has signed the UN Anti-Corruption Convention but has not yet ratified it. The country participates in the relevant EU anti-corruption measures. Germany has increased penalties for bribery of German officials, for corrupt practices between companies, and for price-fixing by companies competing for public contracts. It has also strengthened anti-corruption provisions that apply to support extended by the official export credit agency and has tightened the rules for public tenders. Most state governments and local authorities have contact points for whistle-blowing and provisions for rotating personnel in areas prone to corruption. Government officials are forbidden from accepting gifts linked to their jobs.

Opinions differ, however, on the effectiveness of these steps, particularly in the area of foreign corruption. German industry - while generally in favor of creating a central, national-level register of corrupt companies that would be barred from bidding for public contracts - refrained from openly calling for its creation out of fear of an added regulatory burden. Draft legislation to create such a register passed the lower chamber of the German Parliament but was blocked by opposition parties in the upper chamber in 2002. The CDU-SPD Government, which took power in November 2005, did not include a similar initiative in its program. Nevertheless, some individual states maintain their own registers. Transparency Deutschland, the German Chapter of Transparency International, sees a national corruption register as one of its main goals in Germany and a speedy ratification of the UN Anti-Corruption Convention placing bribery of parliamentarians on the same level as bribery of public officials. Federal freedom of information legislation entered into force in January 2006 but is seen by many as ineffective. Several states have introduced their own freedom of information laws. The German government has successfully prosecuted hundreds of domestic corruption cases over the years. To date, only a small number of charges have been filed involving the bribery of foreign government officials since the 1999 changes in German law to comply with the OECD Anti-Bribery Convention were enacted. However, the corruption scandal involving Siemens AG with its ongoing litigation and fines and the agreement with the Securities & Exchange Commission on an $800 million fine focused attention on foreign bribery for the first time.

Bilateral Investment Agreements Return to top

Germany has investment treaties in force with 127 countries and territories. Of these, eight are with predecessor states and indicated with an asterisk (including Czechoslovak SFR, Soviet Union, Yugoslavia [SFRY]). Treaties are in force with the following states: Afghanistan; Albania; Algeria; Angola; Antigua and Barbuda; Argentina; Armenia; Azerbaijan, Bangladesh; Barbados; Belarus; Benin; Bolivia; Bosnia and Herzegovina; Botswana; Burkina Faso; Brunei; Bulgaria; Burundi; Cambodia; Cameroon; Cape Verde; Central African Republic; Chad; Chile; China (People's Republic); Congo (People's Republic); Congo (Democratic Republic); Costa Rica; Croatia; Cuba; CSFR**; Czech Republic*; Dominica; Ecuador; Egypt; El Salvador; Estonia; Ethiopia; Gabon; Georgia; Ghana; Greece; Guatemala; Guinea; Guyana; Haiti; Honduras; Hong Kong; Hungary; India; Indonesia; Iran; Ivory Coast; Jamaica; Jordan; Kazakhstan; Kenya; Republic of Korea; Kuwait; Kyrgyzstan*; Laos; Latvia; Lebanon; Lesotho; Liberia; Lithuania; Macedonia; Madagascar; Malaysia; Mali; Malta; Mauritania; Mauritius; Mexico; Moldova*; Mongolia; Morocco; Mozambique; Namibia; Nepal; Nicaragua; Niger; Nigeria; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Romania; Russia*; Rwanda; Saudi Arabia; Senegal; Sierra Leone; Singapore; Slovak Republic*; Slovenia; Somalia; South Africa; Soviet Union**; Sri Lanka; St. Lucia; St. Vincent and the Grenadines; Serbia; Sudan; Swaziland; Syria; Tajikistan*; Tanzania; Thailand; Togo; Tunisia; Turkey; Turkmenistan; Uganda; Ukraine; United Arab Emirates; Uruguay; Uzbekistan; Venezuela; Vietnam; Yemen (Arab. Rep.); Yugoslavia (SFRY)**; Zambia; and Zimbabwe.

(Note: * denotes treaty in force with predecessor state; ** denotes continued application of treaties with former entities, which has not been taken into account in regard to the total number of treaties.)

Germany has ratified treaties, which are not yet in force, with the following countries:

Country	Signed	Temporarily Applicable
Bahrain	2/5/2007	
Brazil	09/21/1995	No
Guinea	11/08/2006	*
Israel	06/24/1976	Yes
Madagascar	08/1/2006	*
Oman	05/30/2007	*
Palestine	07/10/2000	No
Timor-Leste	08/10/2005	No
Trinidad & Tobago	09/08/2006	No

(*) Previous treaties apply

Germany has signed, but not yet ratified, treaties with the following country.

Country	Signed	Temporarily Applicable
Libya	10/15/2004	No

Germany does not have a bilateral investment treaty with the United States, but an FCN treaty dating from 1956 remains in force. Taxation of U.S. firms within Germany is governed by the 1989 "Convention for the Avoidance of Double Taxation with Respect to Taxes on Income." It has been in effect since 1989 (and since January 1, 1991, for the area that comprised the former German Democratic Republic). With respect to income taxes, both countries agree to grant credit for their respective federal income taxes on taxes paid on profits by enterprises located in each other's territory. The German system is more complex, but there are more similarities than differences between the German and U.S. business tax systems. The U.S. and Germany ratified the Protocol of June 1, 2006, amending their 1989 income tax treaty and protocol. The new protocol updates the existing treaty and includes several changes, including a zero-rate provision for subsidiary-parent dividends, a more restrictive limitation-on-benefits provision and a mandatory binding arbitration provision.

OPIC and Other Investment Insurance Programs

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OPIC programs were available for the new states of eastern Germany following reunification for several years during the early 1990s but were suspended following progress in the economic and political transition.

Labor

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The German labor force is generally highly skilled, well educated, disciplined, and very productive. The complex set of reforms of labor and social welfare-related institutions implemented under the former SPD/Greens Government contributed to overcoming structural weaknesses of the German welfare state and creating an institutional setup more conducive to strong employment growth and lower unemployment. A series of changes in collective bargaining has supplemented government efforts in recent years.

Chancellor Angela Merkel's Grand Coalition initiated more reform measures, such as a gradual increase in the mandatory retirement age from 65 to 67 – a move that would add 2.5 million to the workforce by 2030 – and an initiative aimed at reducing unemployment among older workers and discouraging early retirement. The former grand coalition also encouraged female labor market participation by measures that would make it easier for mothers to work – for example, longer school hours and more day-care centers. To address the problem of Germany's low birth rate, it also adopted a new "parents' allowance," which entitles parents who give up work or reduce their hours of work to care for their newborn children to a compensatory monthly payment for a period of one year.

To address rising health care costs, Germany implemented numerous health care reforms, most recently in April 2007. The introduction of a Health Fund is the key pillar of reform: Beginning in 2009, insured persons' contributions to the statutory health insurance companies are standardized. For each insured person, the health insurance companies receive a flat rate from the Health Fund. At the same time, tax financing of health insurance services, such as contribution-exempt insuring of children of insured parents, commenced. From 2009 onward, insurance has become compulsory for everyone, and private health insurance companies are obliged to accept insured persons at the base rate.

Germany does not have a statutory minimum wage. However, binding minimum wages have been established in 14 sectors (e.g., construction, electrical trades, painting, mail) covering an estimated 1.4 million workers. In August 2009, employers and union representatives agreed to introduce minimum wages for approximately 170,000 workers in waste management, large-scale laundries, and special mining services. The new CDU/CSU-FDP coalition is opposed to the introduction of a national minimum wage but advocates a legal ban on "immoral" wages, i.e., wages which are one-third below average wages in a given sector.

After several years of solid economic growth and declining unemployment, the global financial crisis finally hit Germany at the end of 2008. Although the collapse in global demand had an especially damaging effect on Germany's export-driven economy, the labor market weathered the economic crisis exceptionally well, with employment levels down a mere 0.2 % to 40.4 million year-on-year in contrast to a GDP collapse of about 5%. The number of persons out of work averaged 3.423 million in 2009, an increase of

155,000 as compared with 2008. The average unemployment rate as a percentage of the total civilian labor force rose 0.4 percentage points to 8.2% in 2009.
Among the reasons behind the surprising resiliency of the labor market – in addition to the widespread use of government-funded short-time work programs – is one explanation why the massive economic collapse came unexpectedly and employment could not be adjusted from one day to the next because of institutional barriers such as employment protection. More likely, however, many companies entered the recession with a better capital cushion than previously and deliberately decided to keep highly skilled labor in hopes of riding out the crisis. In addition, large sections of the services sector (e.g., health and welfare, education and training) have not been hit by the recession and are continuing to create jobs. But unemployment will certainly increase in 2010, since the labor market traditionally lags other macro-economic indicators, which in late 2009 showed first signs that the recession was easing. Hence, the German government expects unemployment to average 3.6 to 3.7 million in 2010.
In June 2009, the Institute of Economic and Social Research presented its interim report on Germany's 2009 round of collective bargaining. The study evaluates the collective agreements concluded in the first half of 2009, affecting about 25 % of all employees covered by such agreements. Calculated on an annual basis, the average increase in wages and salaries amounts to about 3 % in 2009, which is slightly above the average pay increase of 2.9 % in 2008.

There is still a considerable gap in earnings between men and women in Germany. Collective agreements concluded in the first half of 2009 did not include provisions to tackle wage discrimination and to promote equal opportunity.

Since the late 1990s, Germany's system of wage determination through multi-company, industry-wide contracts has become considerably more decentralized. Although sector-wide labor agreements can set wages and working conditions at high levels in some industries, company-level agreements frequently deviate significantly from them. Many industry-wide contracts have been revised in recent years, not only to include highly flexible working time arrangements but also to introduce escape clauses for ailing companies, and to lower entrance pay scales and performance-based annual bonuses. Moreover, the coverage of collective agreements has been declining. Multi-company, industry-wide contracts cover about 43.4% of all firms; 5.3% are covered by a company-level agreement; and 51.3% are not covered at all. Coverage in the eastern states is even lower than in the west. In terms of workers covered by a collective agreement, 73.6% of workers are covered, while 26.4% are uncovered. Again, the coverage is higher in the west than in the east.
To cope with the impact of plant closures and redundancies, several unions negotiated a new type of collective agreement (Sozialtarifverträge) to regulate plant closures or relocations of sites. These agreements usually provide for the transfer of employees to "job creation" agencies, training, and redundancy payments.

Germany's education system for skilled labor, combining on-the-job and in-school training for apprentices, produces many of the skills employers need. There are rigidities in the training system, however, such as restrictions on night work for apprentices, to which some employers object. Another criticism is that the system is inflexible with regard to occupational categories and training standards. Labor unions complain employers do not establish enough training slots and do not hire enough of the trainees after their training is completed. Regulatory obstacles to workers' mobility remain high in Germany (and throughout the EU) and have also contributed to serious labor shortages in many high-skilled fields, above all for engineering, technical professions and manufacturing trades. An important element of German labor market policy is public support for training. The country's response to the crisis has included an expansion of existing measures as well as the introduction of new schemes, with total additional spending estimated at €1.97 billion, or 36% of the labor market part of the government's stimulus program. A 2009 case study found that the publicly funded training is helping to address skills shortages present before the advent of the crisis.

While trade union membership has continued to decline since the beginning of the 1990s, there has been a notable slowdown of this development in recent years. About 21% of the workforce is organized into unions. The overwhelming majority are in eight unions largely grouped by industry or service sector. These unions are affiliates of the German Trade Union Federation (DGB). Several smaller unions exist outside the DGB, principally in white-collar professions. Since peaking at more than 13 million members shortly after German re-unification, total union membership has steadily declined to 6.3 million at the end of 2008.

Unions' right to strike and the employers' right to lock out are protected in the German constitution. Court rulings over the years have limited management recourse to lockouts, however. Institute of Economic and Social Research data published in April 2009 reveal that industrial action in Germany in 2008 involved 1.6 million striking workers – about one million more than in 2007. However, the estimate of 542,000 days not worked was about 25% less than in 2007. On the other hand, the official records of the Federal Employment Agency counted just 154,052 strikers, amounting to 131,679 days not worked; incomplete reporting may explain this disparity.

At the company level, works councils represent the interests of workers vis-à-vis their employers. A works council may be elected in all private companies employing at least five people. The rights of the works council include the right to be informed, to be consulted, and to participate in company decisions. Works councils often help labor and management to settle problems before they become disputes and disrupt work. "Codetermination" laws give the workforce in medium-sized or large companies (stock corporations, limited liability companies, partnerships limited by shares, co-operatives, and mutual insurance companies) significant voting representation on the firms' supervisory boards. This codetermination in the supervisory board extends to all company activities.

Foreign-Trade Zones/Free Ports

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There are seven free ports in Germany established and operated under EU Community law: Bremerhaven, Cuxhaven, Deggendorf, Duisburg, Emden, Hamburg and Kiel. These duty-free zones within the ports also permit value-added processing and manufacturing for EU-external markets, albeit under certain requirements. All of them are open to both domestic and foreign entities. Falling tariffs and the progressive enlargement of the EU have in recent years gradually eroded much of the utility and attractiveness of duty-free zones, but there are currently no plans to eliminate them.

Foreign Direct Investment Statistics

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According to the U.S. Department of Commerce's Bureau of Economic Analysis, in 2008 German direct investment in the United States was worth $211 billion, while U.S. direct investment in Germany was worth $110 billion. Foreign investment has been particularly strong in eastern Germany, where about 1 trillion euros have been invested since 1991, of which an estimated 84% came from private, non-government sources. Some 2,000 foreign companies, including 300 U.S. firms, have invested in eastern Germany since reunification.

Top 10 U.S. Companies in Germany by 2008 Sales

Company	Est. Sales in 2008 (EUR million)
Ford-Werke GmbH	19,762
ExxonMobil Central Europe Holding GmbH	15,200
Adam Opel	13,000
ConocoPhillips Germany	13,000
IBM Gruppe Deutschland	9,300
GE Deutschland	9,200
Philip Morris GmbH	6,268
Hewlett-Packard GmbH	5,000
Dow Group Germany	4,835
Procter & Gamble	4,600

(Source: American Chamber of Commerce in Germany "Commerce Germany" September 2009)

Foreign Direct Investments in Germany by key sectors (2007 – EUR million)

Holding companies	81,137
Retail	54,462
Credit and banking	47,936
Data processing	40,977
Chemical industry	32,205
Machine tools	16,784
Insurance	16,211
Services	15,372
Real estate	15,214
Medical, measuring equipment, optics	9,369
Automobiles and parts	8,560

(Source: Deutsche Bundesbank, Bestandserhebung über Direktinvestitionen)

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Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment)

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

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

Both private and public credit insurance are available in Germany. Euler Hermes, Coface and Atradius are among the private providers (which also offer ranking and scoring services); and the main public insurer is the Staatliche Kreditversicherung (Hermes-Buergschaften), which is administered by Euler Hermes and is used to cover German exports to countries with high political and country risk. United States exporters tend to purchase credit insurance to a much lesser extent than European exporters due to the relatively greater recourse to factoring in the United States.

Overall, German firms continue to enjoy a relatively good reputation for their payment practices and management of credit. However, the macroeconomic situation in Germany (high structural unemployment, increasing corporate bankruptcies, high public indebtedness, flat growth) has generally increased the probability of defaults by German importers. Critical industries for U.S. exporters are construction, furniture, paper and publishing. Default risk is somewhat higher for firms in unevenly performing eastern Germany. The U.S. Commercial Service Germany offers the International Company Profile as a tool to help evaluate the creditworthiness of potential customers or partners and recommends that U.S. exporters consider normal, prudent credit practices in Germany in all transactions.

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

How Does the Banking System Operate

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Germany has a non-discriminatory, well developed financial services infrastructure. Germany’s universal banking system allows the country’s more than 39,000 bank offices not only to take deposits and make loans to customers but also to trade in securities. The traditional German system of cross-shareholding among banks and industry, as well as a high rate of bank borrowing relative to equity financing, allowed German banks to exert substantial influence on industry in the past.

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

Regional state-owned banks ("Landesbanken") were among the hardest hit by the economic crisis and their future is uncertain. The financial crisis also triggered a major consolidation of the German banking sector with Commerzbank buying up Dresdner Bank, Deutsche Bank taking over Postbank and UniCredit Bank buying up Hypovereinsbank. This has effectively reduced the number of top German banks to just two (Deutsche Bank and Commerzbank).

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

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

Foreign-Exchange Controls

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

U.S. Banks and Local Correspondent Banks

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Bank of America
National Association
An der Welle 5
60322 Frankfurt, Germany
Telephone: 49-69-71001-0
Website: http://www.bankofamerica.com

Citigroup Global Markets Germany
Reuterweg 16
60323 Frankfurt am Main, Germany
Telephone: 49-69-1366 0
Website: http://www.citi.com

JP Morgan GmbH
Junghofstr. 14
60311 Frankfurt am Main, Germany
Telephone: 49-69-7124 0
Telefax: 49-69-7124 2209
Website: http://www.jpmorgan.com

Goldman-Sachs & CO
Messeturm
Friedrich-Ebert-Anlage 49
60308 Frankfurt am Main, Germany
Telephone: 49-69-7532 1000
Telefax: 49-69-7532 2800
Website: http://www.gs.com/

Merrill Lynch Bank AG
Main Tower
Neue Mainzer Strasse 52
60311 Frankfurt am Main, Germany
Telephone: 49-69-5899 5000
Telefax: 49-69-5899 4000
Website: http://www.ml.com/

Morgan Stanley AG
Junghofstr. 13-15
60311 Frankfurt am Main, Germany

Tel: 49-69-2166-0
Telefax: 49-69-2166-2099
Website: http://www.morganstanley.com

Project Financing Return to top

Germany possesses the financial framework and institutions to support the development of large infrastructure projects. However, the volume of project finance operations has been relatively modest in Germany in comparison to other EU countries, particularly the U.K. and France. Although the rising indebtedness of the German federal government and local authorities would seem to favor this type of financing, difficult economic conditions have also limited anticipated rates of return for potential project finance developers. Other inhibiting factors are Germany's complex juridical and federal frameworks, which make project-financed works harder to structure than in other countries. One area that has attracted project finance, including that involving a few U.S. developers and investors, is alternative energy production. Clean and renewable energy projects generally have gained prominence in Germany through the country's commitment to meeting sharply reduced CO2 emission targets.

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

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Export-Import Bank of the United States: http://www.exim.gov
Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html
Overseas Private Investment Corporation (OPIC): http://www.opic.gov
U.S. Trade and Development Agency: http://www.tda.gov
Small Business Administration (SBA)'s Office of International Trade: www.sba.gov/oit
USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm
European Bank for Reconstruction and Development (EBRD): http://www.ebrd.com
U.S. Commercial Service Liaison Office to the EBRD: http://www.buyusa.gov/ebrd
KfW Bank Group (Kreditanstalt fuer Wiederaufbau): http://www.kfw.de/EN_Home/
The German Bankers' Association: http://www.bdb.de
Federal Financial Supervisory Authority: http://www.bafin.de

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Chapter 8: Business Travel

Business Customs Return to top

- Never underestimate the importance of punctuality in German business culture. Arriving even five to ten minutes after the appointed time is perceived as late; a fifteen minute variance would be considered a very serious faux pas and could mean a shaky start to any potential business relations.
- Be prepared to make an appointment for most things.
- The preferred times for business appointments are between 10:00 a.m. and 1:00 p.m. or between 3:00 p.m. and 5:00 p.m.
- Avoid scheduling appointments on Friday afternoons, as some offices close by 2:00 p.m. or 3:00 p.m. on Fridays.
- Giving compliments is not part of German business protocol and can often cause embarrassment and awkwardness.
- Germans traditionally use: “Wie geht es Ihnen?” [“How are you?”] as a literal question that expects a literal answer, in contrast to the common English usage of “How's it going?” to simply meaning “Hi”. It may, therefore, be considered strange or superficial to ask the question and keep on moving without waiting for an answer.

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Germany remains largely free of terrorist incidents. However, like other countries in the Schengen area, Germany’s open borders with its European neighbors allow the possibility of terrorist groups entering/exiting the country with anonymity. Overall, the security risk to travelers in Germany is low.
For the latest security information, Americans traveling abroad should regularly monitor the State Department’s Internet web site at
http://travel.state.gov/travel/cis_pa_tw/tw/tw_1764.html
where the current Worldwide Caution Public Announcement, Travel Warnings and Public Announcements can be found. Up-to-date information on security can also be obtained by calling 1-888-407-4747 toll free in the United States, or, for callers outside the Untied States and Canada, a regular toll line at 1-317-472-2328. These numbers are available

from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday (except U.S. federal holidays).

Visa Requirements

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A passport is required. A visa is not required for tourist/business stays up to 90 days within the Schengen Group of countries, which includes Germany. Further information on entry visa and passport requirements may be obtained from the German Embassy at 4645 Reservoir Road N.W., Washington, D.C. 20007, telephone (202) 298-4000, or the German Consulates General in Atlanta, Boston, Chicago, Houston, Los Angeles, Miami, New York, or San Francisco and on the Internet at http://www.germany.info
Inquiries from outside the United States may be made to the nearest German embassy or consulate.
United States companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links:
State Department Visa Website: http://travel.state.gov/visa/visa_1750.html

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visas.gov: http://www.unitedstatesvisas.gov/

Telecommunications

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Thousands of miles of high-quality fiber optical cable make the country ready for the applications of the future.
Mobile phones are based on GSM 800 and 1600 Mhz standards. UMTS/IMT 2000 frequencies are 1900 to 2170 MHz.

Transportation

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Travel by plane, train or car meets international standards, but prices exceed U.S. averages. The number of in-country flights has been picking up and the train stations that dot the country provide sufficient access to nearly all cities (for train schedules, please see www.db.de). Nevertheless, cars are the most popular means of transport and Germany's famous highway system is extensive.
Geographic distances are relatively short, when compared to the United States, but as Germany is much more densely populated than its European neighbors, it may take a little longer to travel the same distance in Germany than it may take in France or Scandinavia.

Language

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German. In larger towns, many people can communicate in English.

Health
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Good medical care is widely available. Doctors and hospitals may expect immediate payment in cash for health services from tourists and persons with no permanent address in Germany. Most doctors, hospitals and pharmacies do not accept credit cards. Medical Insurance: The Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and if it will cover emergency expenses, such as a medical evacuation. U.S. medical insurance plans seldom cover health costs incurred outside the United States unless supplemental coverage is purchased.

Holidays and Local Time
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See http://www.buyusa.gov/germany/en/holidays.html for German holidays.

Central European Time (CET): UTC/GMT +1 hour
Central European Summer Time (CEST): UTC/GMT +2 hours
See http://www.timeanddate.com/ for more information.

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

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

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Chapter 9: Contacts, Market Research, and Trade Events

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- Market Research
- Trade Events

Contacts Return to top

A. Country Contacts
Federal Ministry of Economics and Technology
Bundesministerium fuer Wirtschaft & Technologie
http://www.bmwi.de

Germany Trade and Invest
http://www.gtai.com

Federal Ministry of Finance
Bundesministerium der Finanzen
http://www.bundesfinanzministerium.de

B. Country Trade Associations/Chambers of Commerce
Bundesverband der Deutschen Industrie e.V. (BDI)
(Federation of German Industries)
http://www.bdi-online.de

Deutscher Industrie und Handelskammertag (DIHK)
(Federation of German Chambers of Industry and Commerce)
http://www.dihk.de

Bundesverband des Deutschen Gross- und Aussenhandels e.V. (BGA)
(Federation of German Wholesale and Foreign Trade)
http://www.bga.de

Zentralverband Elektrotechnik- und Eletronikindustrie e.V. (ZVEI)
(German Electrical and Electronic Manufacturers Association)
http://www.zvei.de

Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA)
(German Association of Machinery and Plant Manufacturers)
www.vdma.org

Centralvereinigung Deutscher Handelsvertreter- und Handelsmakler-Verbaende (CDH)
(General Association of Commercial Agents and Brokers)
http://www.cdh.de

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

Bundesverband Deutscher Unternehmensberater e.V. (BDU)
(Federal Association of German Consultants)
http://www.bdu.de

Arbeitskreis Deutscher Markt- und Sozialforschungsinstitute e.V. (ADM)
(Federation of German Market and Social Research Institutes)
http://adm-ev.de

D. Country Commercial Banks
There are numerous domestic and foreign banks represented in Germany; among the largest German institutions are:

Deutsche Bank AG http://www.deutsche-bank.de

Commerzbank AG http://www.commerzbank.com

Bayerische Hypo- und Vereinsbank AG http://www.hypovereinsbank.de

Deutsche Postbank AG http://www.postbank.de

E. U.S. Embassy Trade Personnel
United States Embassy, Berlin http://www.usembassy.de
Commercial Service http://www.buyusa.gov/germany/en/berlin.html

U.S. Consulates
Dusseldorf http://duesseldorf.usconsulate.gov
Commercial Service http://www.buyusa.gov/germany/en/duesseldorf.html

Frankfurt/Main http://frankfurt.usconsulate.gov
Commercial Service http://www.buyusa.gov/germany/en/frankfurt.html

Hamburg http://hamburg.usconsulate.gov

Leipzig http://leipzig.usconsulate.gov

Munich http://munich.usconsulate.gov
Commercial Service http://www.buyusa.gov/germany/en/munich.html

F. Washington-based USG Country Contacts
U.S. Department of Commerce, International Trade Administration
http://www.trade.gov

U.S. Department of State
http://www.state.gov

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

U.S. Department of the Treasury
http://www.ustreas.gov

Office of the U.S. Trade Representative, Office of Europe and the Mediterranean
http://www.ustr.gov

G. U.S.-based Multipliers
German Missions in the United States
http://www.germany.info

CMA - German Agricultural Marketing Board, North American Office
http://www.germanfoods.org

German American Chamber of Commerce, Inc. (Headquarters)
http://www.gaccny.com

German Representative for Industry and Trade
http://www.rgit-usa.com

H. Other Contacts
http://www.buyusa.gov/germany/en/contact.html - U.S. Commercial Service Germany's trade specialists can help you identify trade opportunities, find local trading partners, launch your company, and obtain market research reports.

http://www.export.gov - U.S. Government Export Portal

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

http://www.amcham.de - American Chamber of Commerce in Germany

http://www.agbc.de - American-German Business Club

http://www.agbc-berlin.de - American German Business Club Berlin http://www.fas.usda.gov - The Foreign Agricultural Service website has trade and production statistics, exporter assistance information, marketing information, trade policy news and links to the attaché reports.

Agricultural Affairs Office
American Embassy/Berlin
Clayallee 170
14191 Berlin, Germany
Tel: [49][30] 8305-1150
Fax: [49][30] 8431-1935
Email: Agberlin@usda.gov
http://germany.usembassy.gov/germany/fas/index.html

http://www.useu.be/agri/ - The Office of Agricultural Affairs at the U.S. Mission to the European Union has a very comprehensive website on EU food laws, import requirements, and duties and quotas.

http://www.tradestatsexpress.gov - provides statistical data on trade between the United States and Germany.

http://www.bundesbank.de - provides information and key indicators on Germany's economy.

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/mrktresearch and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

http://www.buyusa.gov/germany/en/marketresearch.html - Comprehensive and up-to-date information about the German market and the export potential for U.S. products and services

http://www.buyusa.gov/europe/ - The Showcase Europe website of the U.S. Commercial Service provides trade opportunities, new business partners, market research and one-on-one assistance.

http://www.buyusa.gov/europeanunion/tender_search.html - Public Procurement Opportunities in Europe

Agricultural Reports

Attaché Reports

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

American Food Directory

The Agricultural Affairs Office has produced a food directory entitled "American Foods in Europe (AFE) Directory of European Importers of U.S. Food and Beverage Products". The AFE directory contains listings of about 200 European companies, from 19 European countries within the EU-25, handling about 500 branded and a wide assortment of generic U.S. food and beverage products available in Europe. The directory is a useful resource for retailers, hotels, caterers, restaurants and others seeking to purchase U.S. food or beverage products but who do not wish to import directly. In addition to the hardcopy, an Internet version which is regularly updated is available at http://www.american-foods.org/, http://www.fas.usda.gov

`Trade Events

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Please click on the link below for information on upcoming trade events:
http://www.buyusa.gov/germany/en/events.html

Directory of important trade fairs in Germany and the U.S.
http://www.export.gov/tradeevents/

For some of the major trade shows being held in Germany that are dedicated to the food and agricultural sector and products, please see: http://www.usembassy.de/germany/fas_tradeshows.html
Note: The promotional events listed are provided for informational purposes only. No endorsement should be implied unless specifically stated.

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

http://www.buyusa.gov/germany/en/find_partners.html

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: http://www.export.gov