



Doing Business In Germany: A Country Commercial Guide for U.S. Companies

- Chapter 1: Doing Business In Germany
- Chapter 2: Political and Economic Environment
- Chapter 3: Selling U.S. Products and Services
- Chapter 4: Leading Sectors for U.S. Export and Investment
- Chapter 5: Trade Regulations and Standards
- Chapter 6: Investment Climate
- Chapter 7: Trade and Project Financing
- Chapter 8: Business Travel
- Chapter 9: Contacts, Market Research and Trade Events
- Chapter 10: Guide to Our Services

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[Return to table of contents](#)

Chapter 1: Doing Business In Germany

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

The German economy is the world's third largest and, after the expansion of the EU, accounts for nearly one-fifth of European Union GDP. Germany is the United States' largest European trading partner and is the sixth 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 and protections.

Germany is indeed the largest consumer market in the European Union with a population of over 82 million. However, the significance of the German marketplace goes well beyond its borders. An enormous volume of worldwide trade is conducted here in Germany at some of the world's largest trade events, such as CeBIT, 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 25-member European Union that added ten members in 2004 make it a keystone around which many U.S. firms seek to build their European and worldwide expansion strategies.

Market Challenges

[Return to top](#)

Real German GDP expanded by only 0.9 percent in 2005; forecasters predict economic growth to reach 1.7 percent in 2006. Sluggish consumer demand continues to impede growth, however business confidence indices rose in early 2006. The German economy continues to suffer from structural problems, including inflexibility and over-regulation in labor markets, taxation, and business establishment, as well as high social insurance costs.

The German government recognizes the need for reform and has begun a series of reforms. While many observers regard these programs as a useful start, most also expect that additional reforms to enhance competitiveness will be required. German firms focusing on exports, especially in the automotive, chemicals and high tech sectors, recently have enjoyed healthy profits and have exported more goods and services than firms from any other country; the retail sector, by contrast, continues to struggle. Major manufacturing firms have increasingly shifted their production overseas to maintain global competitiveness and reduce costs.

Persistent high unemployment is Germany's most sensitive political and economic issue. Despite modest initial progress in reducing unemployment during its first term in office, the Schroeder government had not met its goal of sharply cutting the jobless rate and cutting the unemployment rate remains a challenge for the new Merkel government.

Since 2002, weak economic performance and stagnant job creation have combined to push unemployment rates up. In 2005, the overall, seasonally adjusted unemployment rate stood at 11.7 percent. There continues to be a significant disparity between unemployment in the eastern and western states of Germany. The long-term (longer than one year) unemployed comprised 37.7 percent of those jobless in 2005.

With the exception of participation in the EU Common Agricultural Policy, Germany presents few formal barriers to U.S. trade or investment. Germany has pressed the new EU Commission to reduce regulatory burdens and promote innovation in order to increase the EU member states' competitiveness. Germany's own regulations and bureaucratic procedures, however, can prove baffling. While not directly discriminatory, government regulation is often complex and 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 ones.

Market Opportunities

[Return to top](#)

For American 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.

Best U.S. Export Prospects: Computer Software, Computer Services, Management Consulting Services, Computers and Peripherals, Medical Equipment, Industrial Chemicals, Drugs and Pharmaceuticals, Franchising, Sporting Goods, Automotive Parts and Services, Telecommunications Equipment, Industrial Process Controls, Electronic Components, Pollution Control Equipment, Travel and Tourism.

Market Entry Strategy

[Return to top](#)

The most successful market entrants are those that offer innovative products featuring high quality and modern styling. Germans are responsive to innovation and high technology as 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 will not necessarily be the determining factor for the German buyer, given the German market's demand for quality.

The German market is as decentralized and diverse as the U.S. market, with interests and tastes that differ dramatically from German state to German state. 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 presence. U.S. firms can overcome such stiff competition by offering high quality products, services at competitive prices, and sales back-up, as well as establishing a local network of 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 more internationally competitive levels.

[Return to table of contents](#)

[Return to table of contents](#)

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>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Marketing U.S. Agricultural Products](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)

Using an Agent or Distributor

[Return to top](#)

To a far greater degree than its neighbors in Europe, Germany's population and industry are decentralized and distributed through much of the country. Major cities and businesses dot the countryside in a landscape that features no predominant business center. Often U.S. companies hope to cover Europe from a single European base, or even through periodic visits from the United States. The German commercial customer at the same time expects to be able to pick up the telephone, talk to his or her dealer, and have replacement parts or service work immediately available. U.S. 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.

Success in the German market, as elsewhere around the world, requires long-term commitment to market development and sales back up, 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.

If a manufacturer wishes to distribute its products abroad by itself, an independent distribution company must usually be established. This step entails not only considerable

expense, but also requires extensive organization and control. In particular, medium-sized manufacturing companies, therefore, tend in practice to engage independent sales intermediaries to work independently a certain market.

The most important types of distribution intermediaries are commercial agents, distributors, and franchisees. While the law on commercial agents has been revised and harmonized among the European Union member states based on an European Commission Directive, Germany lacks a codified distributor and franchising law, like almost all other European Union countries.

Commercial Agents

Agency Agreement

An agency agreement need not be concluded in writing and can arise informally, verbally or even tacitly. There are, however, two exceptions to this rule: a *del credere* agreement, under which the commercial agent guarantees the fulfillment of liabilities arising from a transaction, must be concluded in writing, as must a post-contractual agreement restricting competition.

To attract a talented consultant or salesperson, a firm will need an impressive track record. Germans, in particular, are hesitant to participate in start-up ventures. To operate a true German subsidiary and realize substantial revenues, it is in most cases not sufficient "do it all."

Claim to Remuneration

The remuneration of a commercial agent may consist of either performance-related commission, fixed remuneration, or a combination thereof (a so-called guaranteed commission).

In addition to remuneration for the arrangement and conclusion of sales activities, a commercial agent may also be entitled to a commission for other activities such as collections, assumption of liability, warehousing, and after-sales service.

Distribution

A distributor is always a dealer, i.e., he or she buys and sells in his or her own name and for his or her own account. The distributor undertakes to vouch for the sale of the contractual products on an ongoing basis. He or she often also assumes the obligation to maintain a warehouse, a stock of spare parts or even a repair service.

Exclusivity Clause

A territorial protection or exclusivity clause is often included in distribution agreements. Pursuant to EU competition law, such clauses, however, are allowed to a limited extent only. They prevent a manufacturer from engaging other distributors in a certain contractual region or from conducting transactions directly. It is not unusual for a manufacturer to reserve the right to supply certain major customers with whom business relations and existed before concluding the distribution agreement. For a distributor, exclusivity usually means that only he or she may purchase the same or similar products for sale in the contractual region from the manufacturer. Exclusivity clauses are generally agreed to when the manufacturer's product is protected by a patent.

Under an exclusive distribution arrangement a product may or may not receive the attention it deserves. It could become nothing more than a line item in a hefty catalogue. Without someone on the ground to initiate demand, it is unlikely that a new product will sell on its own.

Competitive Restrictions

Objections based on EU and German competition law may be raised against distribution agreements if exclusivity or a territorial protection, non-competition, resale price maintenance, or other restrictive clauses are included. Distribution systems between non-competing companies are widely covered by the Block Exemption Regulation for Vertical Restraints, which applies to products and services in all industries, except for motor vehicle distribution and technology transfer.

The Block Exemption Regulation exempts all types of vertical restraints on competition from the general prohibition, unless the share of the supplier, or for exclusive purchase agreements, of the buyer of the relevant market is not higher than 30%. Some particularly restrictive clauses are “blacklisted”; agreements providing for such restrictions do not benefit from the exemption, such as minimum or fixed resale price maintenance or restrictions regarding the territory in which the buyer may sell the products. Non-competition clauses, which also include exclusive purchasing agreements, are exempted only for a limited time. Special rules apply to agreements between competitors and to post-contractual non-competition agreements.

Agreements that are not covered by the Block Exemption, for instance because the market share threshold is passed, must be reported to the Commission of the European Union to apply for a single exemption or a comfort letter.

German law prohibits resale price maintenance and resale maintenance of terms and conditions. In general, exclusivity or tying agreements can be practiced unless the competent competition authority prohibits the parties from doing so.

Establishing an Office

[Return to top](#)

If a potential investor intends to form a relationship or entity beyond a strategic alliance with an existing German business on a contractual basis, German law allows a broad variety of business forms. Since corporate, tax, and trade law (containing the provisions regarding partnerships and sole proprietorships) are codified in German Federal law, the actual place of business or incorporation is not a factor in choosing the business vehicle (except for the local trade tax burden).

GmbH

The GmbH (Gesellschaft mit beschränkter Haftung - limited liability corporation) is the corporate entity most commonly used for business enterprises in Germany. The structure of a GmbH is relatively straightforward and flexible. It is designed for private businesses (no IPO possible) with a clear and stable shareholder structure looking for full liability protection of their shareholders. The liability of a GmbH is limited to the value of its assets including its share capital.

For detailed information on the different German business vehicles please visit <http://www.invest-in-germany.de/>

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 percent), trade (37 percent), building and handcraft (8 percent), and gastronomy (10 percent). Industry sources expect 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. franchisers must be prepared to adapt to required market norms and standards, invest in market research, test market receptivity through pilot projects, and adjust their concepts to German business practices and consumer tastes.

Restraints to competition in franchise agreements are generally covered by the Block Exemption on Vertical Restraints of 1999 referred to in the preceding chapter "Distributors."

German consumers are accustomed to purchasing via catalog and have become more receptive to shopping on Internet platforms. More than 80 percent 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%). More than EUR 30 billion are spent on direct marketing by trading companies, manufacturers, and service companies 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.

Joint Ventures

Dealing with joint ventures ranks among the most difficult jobs under German competition law. In Germany, JV legislation falls under the responsibility of the Federal Cartel Office (Bundeskartellamt: <http://www.bundeskartellamt.de>). Requirements are 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 must 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

[Return to top](#)

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.

Marketing U.S. Agricultural Products

[Return to top](#)

Marketing U.S. Agricultural Products

The Foreign Agricultural Service (FAS), of the U.S. Department of Agriculture (USDA) maintains an Agricultural Affairs Office in the American Embassy in Berlin. Services include trade contacts for German buyers looking for U.S. food and beverage products, market briefs to help U.S. firms enter and compete in the German food market, promotional materials for U.S. foods, a directory of suppliers of American foods in Europe, information on German food law, and trade show assistance for U.S. suppliers. 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
14195 Berlin, Germany
Tel: [49][30] 8305-1150
Fax: [49][30] 8431-1935
Email: Agberlin@usda.gov
<http://www.usembassy.de/germany/fas/index.html>

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.
- German Importers: 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 conducting programs designed to boost foreign demand for U.S. agricultural products.

Distribution and Sales Channels

[Return to top](#)

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

[Return to top](#)

Success in the German market, as elsewhere around the world, requires long-term commitment to market development and sales back up, 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's Internet commerce sector is the European leader and is among the world's most sophisticated, totaling EUR 203 billion in 2004. It is expected to grow to EUR 670 billion by 2008. The use of the Internet by individuals and businesses in Germany is continuing to expand. About 55 percent, or 35.7 million Germans older than 14 years were online in 2004. This percentage is expected to grow to 72 percent by the end of 2007.

Business-to-business (B2B) commerce accounted for EUR 180.3 billion in 2004 and is projected to grow to EUR 580 billion by 2008. Germany holds the highest market share of B2B commerce in Western Europe (30.5%). Business-to-Consumer (B2C) commerce accounted for EUR 22.3 billion in 2004 and forecasts expect it to peak at EUR 89 billion in 2008. About 5 percent of German retail transactions were online sales in 2004. This

number is expected to grow to 11 percent in 2007.

B2C - Fifty percent of German adults realized at least one shopping transaction via the Internet in 2005. Favorite B2C products are travel, apparel, electronic devices, entertainment, books, and computer equipment. Retailers without "physical" retail stores or those lacking brand recognition sometimes encounter difficulties when trying to win the trust of German customers. Besides trust, price and product diversity are the most important competitive factors.

B2B - Almost all German small and medium sized businesses have Internet access. Online transactions such as e-procurement are growing and Customer and Partner Relationship Management are becoming increasingly important. Most e-commerce strategies focus on quick return on investment. Revenues of industry or company specific marketplaces like SupplyOn in the automotive industry are growing after years of consolidation. The major channel for B2B transactions remains the traditional Electronic Data Interchange. Major users of B2B solutions are the automotive, retail, energy, and pharmaceutical/ chemical production industries.

Financial Services - Germans are heavy users of banking and financial sites and increasingly trust online banking services. Fifty-seven percent of German Internet users did online banking in 2005.

E-Government - Germany offers a good number of e-government services. More than 376 Internet-capable services of German federal agencies can be used online since August 2005. Heads of German federal and of state governments, backed by national associations of local authorities, adopted a joint strategy called Deutschland-Online in 2003. On the basis of successful joint projects, the federal government, Land governments and municipalities are intensifying co-operation in eGovernment (<http://www.deutschland-online.de>). The central German government online procurement website e-Vergabe is available at <http://www.e-vergabe.bund.de>

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, and even 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. 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 intellectual property rights and other market impediments to U.S. companies, which are common across 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. This law allows suits to be brought if advertising "violates good manners."

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.

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.

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.

Germany developed very detailed laws at the end of the nineteenth century to protect industrial property, which have been subject to thorough revision under European Union auspices. The following section addresses: the protection of trademarks, patents, utility models, designs and copyrights. Further information is available from: **German Patent and Trademark Office** (Deutsches Patent-und Markenamt): www.dpma.de

Patents (Patent) are issued for technical inventions, which are new, involve an inventive step, and are susceptible to a commercial application. The term of protection is 20 years, commencing with the filing date. The pertinent legal source is the Patent Act of 1981 (Patentgesetz, PatentG), which has adapted the former German Patent Act to the European Patent Convention.

Trademarks (Marken) are signs that serve to distinguish the goods and/or services of one enterprise from those of another. They enable their holders to build up, expand, and maintain a market position. Trademarks are regulated by the German Trademark Act, which covers both trademarks that are used although not registered, as well as registered trademarks. The Trademark Act further provides protection of commercial designations (trade names and other company designations, such as titles, and the trading name of works, e.g., for films and books). A German trademark is registered for ten years, after which the term can be extended for another ten-year term. Additional fees become due if the extension fee is not paid in a timely fashion.

A utility model (Gebrauchsmuster) is a registered right to technical inventions (e.g., for equipment, technical devices, chemical substances, electrical switches, etc.). Unlike a patent, protection by utility model is not possible or appropriate for processes, such as production processes, measurement processes, etc.

A design patent (Geschmacksmuster) is used to protect the coloring and shape of two-dimensional or three-dimensional commercial products intended to appeal to the eye.

Copyright

The German Copyright Act (Urheberrechtsgesetz, UrhG) grants someone who creates an original work expression the right to control how that work is used. On July 1, 2002, after lengthy and public discussion, the Copyright Act was amended in order to improve an author's rights for reasonable compensation, as well as an author's contractual position as against the industry exploiting the author's works. Literary works, musical arrangements, graphic works, audio-visual works, compilations thereof and other works are all covered by copyright. Computer programs and databases are expressly

mentioned in the Copyright Act. German Copyright has no formal requirements. Registration is not required. Copyright protection is limited in time to 70 years after the death of the author.

European Trademarks

Since 1996, it has been possible to register Community Trademarks at the Office for Harmonization in the Internal Market, Alicante, Spain (<http://oami.europa.eu/>). This step often makes sense, if an enterprise seeks protection not only in one country, but in at least three or four Member States of the European Union. The Community Trademark offers financial advantages in addition to other significant advantages. One such advantage is that the use of a Community Trademark in only one Member State is sufficient to meet the requirement of use for the entire territory of the European Union. It is advisable to consider use of both community and single country protection systems simultaneously.

European Patent Law

The European Patent Convention, in force in Germany since 1976, provides for a single, centralized and uniform procedure for granting patents in all or part of the contracting or extension States (i.e., all Member States of the European Union, in addition to Monaco, Switzerland, Albania, Macedonia, Romania, and the Republic of Bulgaria). Once a European patent has been granted, the convention stipulates that the European patent assumes the character of individual national patents of the Member States, subject to the authority of the respective States. Patents so derived enjoy the same protection as a national patent.

Due Diligence

[Return to top](#)

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; 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 the one 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

[Return to table of contents](#)

[Return to table of contents](#)

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

- [Agricultural Sector](#)

Commercial Sectors

- [Computer Software](#)
- [Computer Services](#)
- [Computer and Peripheral Equipment](#)
- [Drugs & Pharmaceuticals](#)
- [Medical Equipment](#)
- [Management Consulting Services](#)
- [Electronic Components](#)
- [Industrial Chemicals](#)
- [Automotive Parts and Services](#)
- [Franchising](#)
- [Telecommunications Equipment](#)
- [Sporting Goods](#)
- [Travel & Tourism](#)
- [Biotechnology](#)
- [Scientific and Laboratory Instrumentation](#)
- [Electronic Industry Production and Test Equipment](#)

Agricultural Sectors

Best prospects for agricultural products

[Return to top](#)

(All figures are in metric tons, unless otherwise stated. Exchange rate: 1 USD = 0.7665 Euro (February 1, 2005))

- 1: Tree Nuts
- 2: Fishery Products
- 3: Wine
- 4: Pet Food
- 5: Dried Fruits
- 6: Rice

1	Tree Nuts	HTP		
<p>The category of tree nuts includes pistachios, almonds, pecans, hazelnuts and walnuts. Germany does not produce significant quantities of these nuts; therefore, supply is met virtually entirely by imports. Germany is the largest export market for U.S. almonds. A number of U.S. 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 2004, U.S. total exports of tree nuts to Germany were valued at USD 295 million, out of a total import value of USD 821 million.</p>				
		2003	2004	2005 (e)
		MT	MT	MT
A) Total market		143,700	149,345	135,000
B) Production		*	*	*
C) Total exports		26,300	30,071	29,000
D) Total imports		170,000	179,416	164,000
E) Imports from the U.S.		63,200	75,004	72,000

* Production of tree nuts in Germany is negligible

2 Fishery Products		FFPD		
<p>Fish and fishery products enjoy growing popularity in Germany. The two most important fishery products the U.S. exports to Germany are lobster and frozen Alaska Pollock. Shipments of the latter increased significantly after a major German fish processor decided to source only groundfish that was frozen on the trawler directly after catch. In 2004, U.S. total exports of fishery products to Germany were valued at USD154 million, out of a total import value of USD 2.8 billion. The biggest U.S. competitors are China (for Alaska pollock) and Canada (for lobster).</p>				
		2003	2004	2005 (e)
		MT	MT	MT
A) Total market		904,950	897,663	971,000
B) Production		439,637	474,428	490,000
C) Total exports		343,171	405,334	378,000
D) Total imports		808,484	828,569	859,000
E) Imports from the U.S.		40,768	65,569	65,000

3: Wine		HTP		
<p>Germany is the world's largest importer of wine, with imports totaling 14.2 million hectoliters in 2004, valued at USD 2.5 billion. The import figure represents about 67 percent of total German wine consumption. Italy, France and Spain are the leading suppliers of wine to Germany, with a combined import market share of nearly 75 percent. U.S. wines, together with other 'new-world' wines, have developed an increasingly good reputation for quality in the German market. Over the previous five years, the value of Germany's imports of U.S. wines grew to USD 77.3 million in 2004.</p>				
		2003	2004	2005 (e)
		hl	hl	hl
A) Total market		18,402	21,073	20,000
B) Production		8,110	10,000	9,000
C) Total exports		3,146	3,140	2,600
D) Total imports		13,438	14,213	13,600
E) Imports from the U.S.		451	480	450

4: Pet Food		G&FD		
Germany is one of the leading countries for pet ownership in the world. Interest in specialty, healthy foods for pets is growing rapidly. German pet owners are willing to pay premiums to properly feed their pets. The majority of pet foods are produced domestically (the market leader is a U.S. firm). However, in 2004, U.S. total exports of pet food to Germany were valued at USD 48 million, out of a total import value of USD 1.12 billion. Starting in 2004, new EU rules require that pet food be derived from meat that is fit for human consumption only. This could affect U.S. exports of pet food.				
		2003	2004	2005 (e)
		USD million	USD million	USD million
A) Total market		2,673	2,604	2,670
B) Production		2,530	2,489	2,520
C) Total exports		921	1,068	1,100
D) Total imports		1,064	1,183	1,250
E) Imports from the U.S.		45	48	50

5: Dried Fruits		HTP		
The category of dried fruits includes prunes and raisins. Germany does not produce significant amounts of dried fruits; therefore, supply is virtually met entirely by imports. Marketing efforts on the part of the California Prune Board are expected to assist in the expansion of U.S. exports to this market. More than half of the German prune imports are sourced from the U.S. The leading competitors for the United States in the German dried fruit market are Chile (prunes) and Turkey (raisins). In 2004, U.S. total exports of dried fruit to Germany were valued at USD 36 million, out of a total import value of USD 136 million.				
		2003	2004	2005 (e)
		MT	MT	MT
A) Total market		77,606	86,532	81,300
B) Production		*	*	*
C) Total exports		7,772	9,626	9,500
D) Total imports		85,378	96,158	90,800
E) Imports from the U.S.		16,322	18,059	13,800

Production of dried fruits in Germany is negligible

6: Rice		GFD		
Germany does not produce rice. Thus, supply is met exclusively by imports. U.S. shipments of rice to Germany were valued USD 24.6 million in 2004. Market trends indicate that Asian fragrant rice varieties are noticeably gaining market share, which is particularly at the disadvantage of U.S. long grain indica rice shipments to Europe.				
		2003	2004	2005 (e)
		MT	MT	MT
A) Total market		215,678	241,349	249,000
B) Production		*	*	*
C) Total exports		62,207	58,840	66,000
D) Total imports		277,885	300,189	315,000
E) Imports from the U.S.		63,717	55,367	56,000

[Return to table of contents](#)

Commercial Sectors

- [Computer Software](#)
- [Computer Services](#)
- [Computer and Peripheral Equipment](#)
- [Drugs & Pharmaceuticals](#)
- [Medical Equipment](#)
- [Management Consulting Services](#)
- [Electronic Components](#)
- [Industrial Chemicals](#)
- [Automotive Parts and Services](#)
- [Franchising](#)
- [Telecommunications Equipment](#)
- [Sporting Goods](#)
- [Travel & Tourism](#)
- [Biotechnology](#)
- [Scientific and Laboratory Instrumentation](#)
- [Electronic Industry Production and Test Equipment](#)

Commercial Sectors:

Exchange Rates

	2003	2004	2005
EUR 1 = USD	1.13	1.24	1.20

Computer Software

Overview

[Return to top](#)

(USD million)	2003	2004	2005(e)
Total Market Size	17,018	19,480	20,400
Total Local Production	12,769	14,250	15,000
Total Exports	6,780	7,750	8,200
Total Imports	11,029	12,980	13,600
Imports from the U.S.	8,823	10,383	11,000

(Source: EITO)

The German market for software is the largest in Europe and ranks second in the world, after the United States. Economic recovery on the horizon, as well as the backlog in IT modernization, are seen as the driving factors to prompt companies and institutions to invest again into software solutions. Analysts estimate that approximately 80 percent of software products sold in Germany are imported, mainly from the United States (the

majority of the large U.S. software developers have subsidiaries in Germany.) There are no trade barriers obstructing sales of U.S. software. Industry- specific and niche products will continue to find good sales opportunities in Germany. However, as the European Union continues to expand as a single market, U.S. vendors will also meet growing competition from other European software vendors in the German market.

Best Products/Services

[Return to top](#)

IT-security; Integrated Enterprise Applications to streamline back- and front-office operations; increasing investments in e-business applications and other enterprise applications, such as Customer Relationship Management (CRM) technologies; Supply Chain Management Software; and Document Management Software (even though the ERP/DMS market is dominated by local vendors). As companies focus on efficient business processes, there is a higher willingness to invest in cost-reducing equipment, such as DMS.

Opportunities

[Return to top](#)

The following industries are expected to undertake major investments for software products (due to the need to standardize and optimize business processes, as well as to implement IT-security features): the public sector, the banking and insurance sector and the medical sector, although these areas are difficult to penetrate by new-to-market companies.

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

Systems: <http://www.systems-world.de>

Trade Associations:

www.bitkom.org

www.eito.com

Trade Publications:

www.computerwoche.de

www.informationweek.de

www.computerpartner.de

www.crn.de

Commercial Service Contact:

doris.groot@mail.doc.gov

Computer Services

Overview

[Return to top](#)

(USD million)	2003	2004	2005(e)
Total Sales	29,500	33,100	33,500
Sales by local firms	11,657	13,062	13,400
Sales by local firms abroad	5,082	5,746	5,900
Sales by foreign-owned firms	17,900	20,038	20,100
Sales by U.S.-owned firms	17,485	19,922	20,000

(Source: Bitkom)

The major factor driving growth in the IT services sector is an increasing trend towards outsourcing. In addition, there is a growing demand for security and e-business project services. Most large American IT service providers have facilities in Germany, and, for official statistical purposes, are counted as local firms. This also affords them national treatment from German and EU authorities. Approximately 60 percent of overall IT-services sales are attributed to German subsidiaries of U.S. firms. While competition from local companies exists, U.S. firms are often perceived as having more experience in the IT environment and, therefore, have a head start in the business. However, as the European Union continues to expand as a single market, U.S. computer services companies will also meet growing competition from other European countries, mainly from the United Kingdom, France, and The Netherlands.

Best Products/Services

[Return to top](#)

Outsourcing services
IT-security services
E-commerce projects
BPO (Business Process Outsourcing) services

Opportunities

[Return to top](#)

The following industries are expected to undertake major investments for software and services (due to the need to standardize and optimize business processes, as well as to implement IT-security features): Insurance (EAI, web services, BPO – because of legal, demographic and political changes, insurance companies need more flexibility) and Banking (primarily outsourcing services).

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

Resources

[Return to top](#)

Trade Fairs:

CeBIT: www.CeBIT.de

Systems: www.systems.de

Trade Associations:

www.bitkom.org
www.eito.com

Other:

Industry research:
www.luenendonk.de
www.pac-online.de

Major trade journals:

www.computerwoche.de
www.informationweek.de
www.computerpartner.de
www.crn-online.de

Commercial Service Contact:

doris.groot@mail.doc.gov

Computer and Peripheral Equipment**Overview**[Return to top](#)

(USD million)	2003	2004	2005(e)
Total Market Size	26,960	27,190	27,650
Total Local Production	10,390	10,590	11,110
Total Exports	13,530	13,700	14,050
Total Imports	30,100	30,300	34,890
Imports from the U.S.	7,670	7,750	8,520

(Source: IDC)

U.S. computer products are viewed as innovative, with superior quality and leading edge technology. Despite the current economic conditions, IDC predicts Germany's hardware market will reach USD 28.4 billion in 2007. Germany will account for approximately one quarter of the EU's total IT market in 2006. The United States is expected to retain its 2005 import share of approximately 25 percent at least until 2007. 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 Products/Services[Return to top](#)

Leading edge ICT products are sought after by German distributors. Servers, laptops, printers, W-LAN equipment, memory, and networking products.

Resources[Return to top](#)**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

Other:

Major trade journals:

www.computerwoche.de

www.informationweek.de

www.computerpartner.de

www.crn-online.de

Commercial Service Contact:

john.lumborg@mail.doc.gov

Drugs & Pharmaceuticals

Overview

[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Market Size	21,400	17,300	16,900
Total Local Production	24,800	25,100	25,600
Total Exports	26,600	34,400	38,200
Total Imports	23,200	26,600	29,500
Imports from the U.S.	3,604	4,901	5,445

Germany is the world's third-largest market for pharmaceuticals, behind the United States and Japan. Expectations for 2005 reflect modest production growth as a result of continued government health reforms. Still, the overall market will show 2-digit increases with the rising average life expectancy driving increased senior health care demand. Major suppliers to the German market are Ireland, the United States, France, Switzerland, the United Kingdom, and Italy. Germany has over 500 local pharmaceutical manufacturers and an additional 300 biotechnology firms specializing in the development of pharmaceuticals. Ninety percent of German pharmaceutical manufacturers have less than 500 employees. The German pharmaceutical market is very competitive and price-oriented. The exclusion of non-prescription drugs from reimbursement, the expansion of mail order supplies and multiple ownership have further encouraged competition over the past twelve months. The market is increasingly consumer-driven, with patients' expenditures for non-reimbursable medication valued at roughly EUR 10 billion in 2004. American suppliers of over the counter products and nutritional supplements should see a growing market in Germany over the next few years. In 2003, Germany adopted legislation that reintroduced a reimbursement system for containing costs for new, innovative, patented pharmaceuticals. U.S. companies and

the U.S. major industry association for innovative pharmaceuticals have stated that the new reimbursement system constitutes a major threat and barrier to biomedical innovation in Germany by limiting companies' fair return on investment. The new CDU led coalition elected in Fall 2005 continues to seek savings in the health care sector, including use of a fixed reimbursement system for innovative drugs.

Best Products/Services

[Return to top](#)

Innovative and improved pharmaceuticals, generic and OTC products still present best prospects for U.S. exporters. High growth in 2004 was recorded for medication treating the following segments: Blood and blood-building organs; muscular and skeletal system; zytostatics; and central nervous system. Nutritional supplements and nutraceuticals are runners-up with annual growth rates of almost 9%.

Resources

[Return to top](#)

German Government Agencies:

German Health Ministry: www.bmgs.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:

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 (German Association of Research-Based Pharmaceutical Companies): www.vfa.de

BAH (Federal Trade Association of Pharmaceutical Manufacturers): www.bah-bonn.de

German Generics Manufacturers Association: www.generika.de

Commercial Service Contact:

anette.salama@mail.doc.gov

Medical Equipment

Overview

[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Market Size	14,000	14,600	14,970
Total Local Production	9,170	9,500	9,740
Total Exports	9,370	9,300	9,530
Total Imports	14,200	14,400	14,760

Imports from the U.S.	4,260	4,438	4,550
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The German market for medical devices is estimated at USD 14 billion, approximately 11 percent of total health expenditures. There are about 1,200 local medical device manufacturers, which produced medical devices valued at roughly USD 9.5 billion in 2004. As a result of ongoing health reform efforts and cost-containment measures, local production is expected to increase moderately, with the total market size estimated to have grown little over 2.5% in the year 2005. Demand will mainly be driven by demographics and a substantive increase in patients; by the need for economies of scale and efficient procedures; and by a major investment backlog estimated at USD 10-15 billion in practices and hospitals. A recent analyst study characterized the medical device market as one with high growth dynamics and continuing consolidation, making it highly attractive for investors. The medical device market is considered a growth market and will continue to provide excellent potential for U.S. suppliers of innovative and price-competitive products. U.S. medical device exporters to Germany hold a 30% market share and will continue to find excellent potential in Germany and other European countries.

Best Products/Services

[Return to top](#)

High quality advanced diagnostic and therapeutic equipment. The trend is toward innovative technologies, such as laser-optics in vascular surgery, urology, gastrology, dermatology, and neuro-surgery, new diagnostic devices, as well as specialized wound care and home care products. Innovative products offering ease of use and cost savings will also be required in the fields of microsurgery, biomedicine, and radiology.

Germany's aging population will continue to fuel growth in several segments, including diabetes, home care, and orthopedic products. According to analysts, these products will only be outperformed by dental implants and hearing aids, where innovation and growth potential are especially high. As a result of increased hospital admissions and demographic developments, sales of surgical supplies and of products for incontinence also show high growth potential. Medical devices for intensive care and general nursing providing economies of scale and making medical procedures more efficient are expected to be in high demand.

Above-average growth is expected in the so-called 'life-style' segment where treatment is not medically indicated but furthers general well-being. Refractive surgery is one example which has seen two-digit growth. Patients are expected, and will be willing, to fund those procedures, while public health care providers will be less and less willing to reimburse new and innovative treatments.

Opportunities

[Return to top](#)

Due to the general drive towards realizing cost savings in the medical sector, major projects in this sector could not be identified. As a result of the 1993 Healthcare Reform Act, there are still no large-scale new hospital projects, but rather plans for moderately modernizing current inventories. Diagnostic centers, and the combination of practices with private home care are attracting more attention than construction or expansion of traditional hospitals. The number of acute care hospitals is expected to decrease from 2,236 in 2003 to 1,500 by 2008. Investment opportunities will arise through a major drive toward hospital privatization by 2013.

Resources

[Return to top](#)

German Government Agencies:

German Health Ministry: www.bmgs.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

Trade Associations:

Federal Association of the Medical Devices Industry: www.bvmed.de

Federal Association of the Electro-Medical Industry: www.zvei.de/medtech

German Hospital Association: www.dkgev.de

Medical Dealers Association: www.fmp.de

Commercial Service Contact:

anette.salama@mail.doc.gov

Management Consulting Services

Overview

[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Sales	12,200	12,400	12,550
Sales by local firms	6,110	6,250	6,300
Sales by local firms abroad	N/A	N/A	N/A
Sales by foreign-owned firms	6,090	6,150	6,250
Sales by U.S.-owned firms	4,890	4,930	5,000

(Source; BDU)

The sluggish German economy negatively affected the demand for management consulting services. For several years the market has been decreasing (2000-2002) or stagnating (2003). In 2004, however, sales figures saw a slight increase to EUR 12.4 billion. Further growth is expected in 2005 and 2006. Efficiency and cost-saving projects remain very popular, but the demand for growth and strategy consulting is increasing.

The top-40 management consulting companies that hold a total market share of almost 50 percent appear to be best suited for upcoming opportunities and demands. Small (market share: 16%) and medium-sized companies (market share: 34%), however, are expected to continue losing sales, albeit at a smaller pace.

Forecasts predict growth potential on the employment side: Human resource, IT and strategy consultants are expected to be in high demand in 2005 and 2006. In 2004,

66,800 consultants were employed in consulting companies, of which the top forty (companies with sales of EUR 20 million and more) employed 23,000.

Best Products/Services

[Return to top](#)

Lean management, risk management, IT security, business tools for CRM (customer relationship management) and supply chain management.

Resources

[Return to top](#)

Associations;

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

Commercial Service Contact:

Mathias.Koeckeritz@mail.doc.gov

Electronic Components

Overview

[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Market Size	17,900	21,600	22,800
Total Local Production	17,400	20,200	21,200
Total Exports	16,200	19,500	20,500
Total Imports	16,700	19,900	21,100
Imports from the U.S.	2,500	3,700	4,000

(Source: German Electrical and Electronics Manufacturers Association (ZVEI), unofficial estimates)

The German market for electronic components (ELC) is expected to grow by 5.6% (based on USD value) in 2005, reaching a volume of USD 22.8 billion. Within the EU, Germany represents the largest national market for electronic components. More than 50% of the products and services provided by the electronic components industry is exported; 61% to European countries.

In 2005, semiconductors accounted for 65.8% of the total ELC market in Germany (USD 15.2 billion; 2004: 14.1 billion). The market for electromechanical components is valued at USD 3.5 billion (2004: 3.3 billion), 15.5% of the total market. Electronic sub-assemblies accounted for USD 2.6 billion (2004: 2.4 billion), a total market share of 11.5 percent. As an exception, the market for passive components decreased by 3.3 % to USD 1.6 billion, holding a 7.1% share of the total market. Prime end-user sectors for electronic components are the automotive industry (35%), data processing (23.7%), telecommunications (21.7%), and industrial electronics (18%).

Best Products/Services

[Return to top](#)

Within the electronic components sector, demand from the consumer electronics (2005: USD 871 million) and industrial electronics industries (\$4.1 billion) usually plays a minor role compared to the demand from the automotive (\$7.8 billion), data processing (\$5.4 billion), and telecommunication (\$4.9 billion) industries. The main areas of growth in the electronics industry are expected to be not only the automotive industry (motor management, security, infotainment including telematics, comfort), but also data processing and telecommunications applications (flash memory chips, image sensors, MEMS, LCDs, and selected embedded technologies).

Resources

[Return to top](#)

Trade Associations:

ZVEI (Electrical and Electronics Manufacturers Association): <http://www.zvei.de>

Trade Fairs:

Embedded World 2006: <http://www.embedded-world-2006.de>

Sensor + Test 2006: <http://www.sensor-test.de>

Electronica 2006: Global-Electronics.net

Trade publications:

[Design & Elektronik](#), [ElektronikPraxis](#), [Elektronik](#), [Elektronik Industrie](#), [Markt&Technik](#)

Other:

Customer requirement and legal regulations:

[Guidelines and Forms Version 2.1](#) on <http://www.zvei.de>

Commercial Service Contact:

Dagmar.Winkler-Helmdach@mail.doc.gov

Industrial Chemicals

Overview

[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Market Size	83,332	98,016	99,293
Total Local Production	115,520	134,097	135,893
Total Exports	98,824	119,987	124,440
Total Imports	66,636	83,906	87,840
Imports from the U.S.	6,965	9,283	9,499

German imports of U.S. chemicals have continued to show positive growth rates over the past few years. Germany offers good opportunities for U.S. chemicals despite a still stagnating economy. It is the largest market for chemicals in Europe and, with its central location, a major hub for supplying other European countries. In 2004, Germany's total chemical imports reached USD 83.9 billion (EUR 67.4 billion), USD 9.2 billion (EUR 7.4 billion) of which originated from the United States, an increase of about 21% over the

previous year. Despite higher crude oil prices, statistics for the first three quarters of 2005, revealed a slower but still substantial growth of approximately 11% in 2005 for U.S. chemical imports over the same period in 2004.

Best Products/Services

[Return to top](#)

The German market is especially receptive to U.S. chemical products in the fields of coatings, additives, nano materials and other innovations. High quality specialty products have good market potential throughout Europe. In contrast, standard chemicals are highly competitive and price-sensitive in Germany since competition from Asia is strong. The chemical standards market is therefore less attractive for U.S. exporters.

Opportunities

[Return to top](#)

Demand in the German chemical sector is usually generated by the German processing industries. Consequently, market opportunities largely depend on market conditions in those industries. In view of the still stagnating German economy, and increased raw material prices, industry experts anticipated a limited growth of the German chemical market in 2005. While the first two quarters of 2005 met these expectations, the German chemical market picked up in summer so that the results of the last six months of 2005 were better than expected. It is likely that this positive trend will continue over 2006 and will offer U.S. chemical exporters good sales opportunities.

Resources

[Return to top](#)

German Government Agencies:

Federal Statistical Office: <http://www.destatis.de/>

Trade Fairs:

European Coatings: <http://www.european-coatings-show.de/>

Cphi: <http://www.cphi.com/>

Trade Associations:

Chemical Industry Association: <http://www.vci.de/>

Commercial Service Contact:

Kirsten.Hentschel@mail.doc.gov

Automotive Parts and Services

Overview

[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Market Size	35,492	36,300	37,000

Total Local Production	42,440	43,300	44,000
Total Exports	16,826	17,000	18,000
Total Imports	9,878	10,000	11,000
Imports from the U.S.	1,801	1,850	1,900

(Source: GAI)

The automobile industry remains one of the driving forces behind potential economic growth in Germany. While the domestic market for automobiles has remained stagnant, German exports 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. Orders for new vehicles have increased over the last months, indicating that the market may be starting to recover.

Best Products/Services

[Return to top](#)

Engine electronics
Multi-media products
Forged and pressed parts

Resources

[Return to top](#)

Trade Fairs:

IAA: www.vda.de

Automechanika: www.messefrankfurt.com

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@mail.doc.gov

Franchising

Overview

[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Sales	28.7	35.0	40.8
Sales by local firms	23.0	28.2	32.8
Sales by local firms abroad	N/A	N/A	N/A
Sales by foreign-owned firms	5.7	6.8	7.9
Sales by U.S.-owned firms	3.2	3.5	4.0

(Source: German Franchise Association)

The German franchise industry continues to be seen as an area with increasing growth. Franchisers, franchisees, the total number of employees within the entire industry, as

well as sales have increased over the last few years. In the beginning of 2005, there were approximately 45,000 franchisees operating under the framework of 845 different franchise systems. The German franchise industry employs approximately 406,000 persons. The total sales volume of the German franchise industry is steadily increasing, with total revenues in 2004 of around USD 25.0 billion. A healthy annual growth rate of approximately 12% is anticipated for 2005 (a 16.6% increase in USD currency, due to the strength of the Euro). The service sector represented the largest block, accounting for 56% of the total franchising industry. The second largest industry group is the trade sector with 24%. These sectors are followed by the hotel & restaurant/catering industries, which comprise 13%, and the handicrafts industry with 7 percent.

Franchise systems are at least equally as difficult to introduce in Germany as in other major, non-English speaking EU countries (France, Spain and Italy). U.S. franchisers must be prepared to adapt to required market norms and standards, invest in market research, test market receptivity through pilot projects, and adjust their concepts to German business practices and consumer tastes.

Best Products/Services

[Return to top](#)

Accounting and tax services; advertising; cleaning and sanitation services; energy saving products and services; environmental services; express delivery services (all types); maintenance; home care services; office management, retail stores (specialized); telecommunication products and services; theme bistros/restaurants; training and educational services.

Opportunities

[Return to top](#)

The German federal government and the individual German states encourage commercial investments through subsidized loan programs, depreciation allowances, various types of investment grants and tax incentives. Although large banks have become more restrictive in the granting of funds as a result of the continuing economic recession, U.S. franchisers can profit from the knowledge that financial assistance is available to support prospective franchisees.

For American franchisers wishing to find potential master/area franchisees, the Commercial Service offers the "Franchise Partner Search Service" (FPS), a program tailored specifically to the needs of U.S. franchisers in locating suitable franchise partners in Germany. Another useful approach could be to contact one of the German consulting firms specialized in franchising and registered with the German Franchise Association. A third possibility is to advertise in one of the German magazines distributed nationally, industry-specific magazines, or to present the company's concept via one of Germany's three Internet websites that specialize in franchising.

Resources

[Return to top](#)

Trade Associations:

German Franchise Association: <http://dfv-franchise.de>

Other:

Trade Publications:

<http://www.franchise-net.de>,

<http://www.franchiseportal.de>,
<http://www.franchise-world.de>
Law and Accounting Firms:
<http://dfv-franchise.de>, <http://www.franchiserecht.de>
Financing:
<http://www.bvk-ev.de>

U.S. Commercial Service Contact:
Dagmar.Winkler-Helmdach@mail.doc.gov

Telecommunications Equipment

Overview

[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Market Size	15,700	17,300	18,000
Total Local Production	15,500	17,600	17,800
Total Exports	8,000	9,000	9,500
Total Imports	7,000	8,700	9,700
Imports from the U.S.	1,300	1,500	1,700

Source: RegTP, EITO

Despite both turmoil and stagnation in the industry, telecommunications is still widely regarded as one of the driving forces behind potential economic growth in Germany. Whether in the areas of multi-media, mobile communications, or the Internet, telecommunications is key to unlocking German potential for future economic development. Germany has not only been one of the fastest growing markets for mobile equipment - there are more mobile than fixed-line subscribers - but is also very well prepared for any future technology in the telecommunications sector. While thousands of miles of high quality fiber optical cable have been buried in the country, focus is on DSL-roll out to make the country ready for applications of the future.

Best Products/Services

[Return to top](#)

Broadband Equipment and Services
W-Lan Equipment and Services
UMTS Services

Opportunities

[Return to top](#)

Germany still lags behind the rest of the EU in broadband deployment. Once political and regulatory hurdles have been overcome, broadband technologies (DSL and TV cable) will offer considerable opportunities for suppliers of technology and services.

Resources

[Return to top](#)

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@mail.doc.gov

Sporting Goods**Overview**[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Market Size	8,310	8,250	8,255
Total Local Production	6,310	6,300	6,295
Total Exports	1,690	1,700	1,730
Total Imports	3,690	3,650	3,690
Imports from the U.S.	680	680	700

Germany is Europe's largest sporting goods equipment market and a very sport-minded country. There are no fewer than 86,000 clubs, with nearly 26 million members, that are associated with the "Deutscher Sportbund" (German Sports Federation). It is through these clubs' training and other programs, rather than school programs as in the United States, that the nation's elite athletes rise to the top. Excellent opportunities exist for U.S. firms in the German sporting goods market. American sporting goods products, especially those that are "Made in the USA", continue to set trends and enjoy great popularity in Germany.

Best Products/Services[Return to top](#)

Fitness equipment
Outdoor sports
Inline skating
Skateboarding
Golf

Opportunities[Return to top](#)

In 2005, Germans spent USD 8.255 billion for sporting goods. Germany's 82 million inhabitants have traditionally been active sports enthusiasts. Sports, that have the best outlook for growth in the next few years: Fitness (20%), Outdoor Sports (19%), Soccer (12%), Team Sports (11%) and Golf (10%).

Resources

[Return to top](#)

Trade Fairs:

ispo, www.ispo.com

FIBO, www.fibo-messe.com

IFMA Cologne, www.ifma-cologne.de

GOLF EUROPE, www.golf-europe.com

FAIRWAY, www.fairway.de

Trade Associations:

German Sporting Goods Manufacturers Association: <http://www.bsi-ev.com>

German Association of Sporting Goods Retailers: <http://www.vds-sportfachhandel.de/>

Commercial Service Contact:

Bernd.Kietz@mail.doc.gov

Travel & Tourism

Overview

[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Market Size	59,300	72,500	72,500
Local Sales	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A
U.S. Expenditure by German Tourists	2,617	N/A	N/A

Travel to the United States from Germany is set to hold its own thanks to the strong Euro and the creative packaging and promotional activities of German tour operators and their U.S. industry partners. In 2003, 1,180,000 Germans visited the United States. Germany ranked third behind the UK and Japan for overseas visitors to the United States in 2004 (1,132,848 visitors from Jan.- October 2004). Bookings from Germany for the first 10 months of 2004 were up 14.2% over 2003. The prediction by the Office of Travel and Tourism Industries of the U.S. Department of Commerce of 7% growth in 2004 is likely to be exceeded. Total growth from 2003 to 2007 is predicted to be 29%.

German expenditure for travel abroad has returned to the record levels of 2001 and is predicted to increase in 2005 by 2%. Despite a loss in purchasing power, Germans are still the world's number one travelers per capita and are expected to take advantage of the strong Euro to visit the United States.

Best Products/Services

[Return to top](#)

Flexible itinerary elements for FITs, innovative and unique study tours, value-added accommodation and rental offers, Native American inventory packaged with local

attractions and service providers, which should be activity-based rather than language dependent, sports packages, both spectator and participatory, incentives for small groups.

Resources

[Return to top](#)

Government:

www.usembassy.de/visa Entry and visa regulations information

Trade Fairs:

Reisen Hamburg, www.hamburg-messe.de/reisen

Reise Camping Essen, www.reise-camping.de

CBR Munich, www.c-b-r-muenchen.de

ITB Berlin, www.itb-berlin.com

IMEX Frankfurt, www.imex-frankfurt.de

Reisen u. Freizeit Friedrichshafen, www.reisenfreizeit.de

Touristik & Camping Leipzig, www.tmsmessen.de/de/tc

Reisemarkt Cologne, www.reisemarkt-koeln.de

Reisemarkt Rhein NeckarPfalz, www.tmsmessen.de

CMT Stuttgart, www.messe-stuttgart.de/cmt

Other:

www.usa.de

German language consumer travel website on USA

www.vusa-germany.de

Official site of the Visit USA Committee Germany e.V.

Commercial Service Contact:

elizabeth.powell@mail.doc.gov

Biotechnology

Overview

[Return to top](#)

	(USD million)	2003	2004	2005 (e)
A)	Total sales related to Biotechnology (incl. the estimated sales of the biotech segments of big pharmaceutical companies)	22,490	23,300	23,950
B)	Total sales of German core biotech companies	1,020	1,190	1,230

Biotechnology is widely seen as a candidate to lead a breakout from the current stagnation of Germany's economy. While agricultural applications ("green biotech") remain a complex and problematic sub-sector in Germany, "white biotechnology" in its capacity of making industrial processes more environmentally sound, is the blossoming new sub-sector of the German market. Medical applications ("red biotech") continue to be promoted. The funds that supported the German incubator model of private capital and state funding, which once led Germany to European leadership of the sector, are

mostly depleted and the industry is looking to the new German government for a new concept, titled "High Tech Gründerfond". German biotech sales, on the other hand, have picked up and gained 7 percent, since in 2004. The first German biotechnology company received marketing authorization for their prostate cancer treatment and in 2005 two more products followed this path. The number of biotech firms in Germany slightly decreased in 2005, from 350 to 346.

In 2005 Germany became the European leader in the number of cross-border biotech alliances. Out of the 110 alliance deals that have been negotiated internationally 32 alliances were entered into with a U.S. company. The current German climate offers good prospects for in-licensing German start-up technology, biotech-to-biotech consolidation, and out-licensing U.S. technology to Germany's pharmaceutical majors. The difficulty in classifying biotech products and the plethora of institutions engaged in biotech make precise statistics for the field scarce. The most accurate figures available are of annual sales.

Best Products/Services

[Return to top](#)

Product companies in the field of cardio-, cancer- and neuro-therapeutics are expected to perform best on the German market. PCR Reagents are in strong demand among German Research labs.

Resources

[Return to top](#)

Trade Fairs:

BioAnalytica, <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/html/home.asp>

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:

Sebastian.Koehler@mail.doc.gov

Scientific and Laboratory Instrumentation

Overview

[Return to top](#)

(USD million)	2003	2004	2005 (e)
Total Market Size	4,020	4,130	4,100
Total Local Production	4,822	5,180	5,100
Total Exports	2,412	2,650	2,600

Total Imports	1,610	1,600	1,600
Imports from the U.S.	710	750	750

The market for scientific and laboratory instruments (S&LI) is supported by growth in the pharmaceutical, nutraceutical and environmental industries, as well as in biotechnology and the food processing industries. Private testing laboratories offering drug analysis constitute a growing market. S&LI usage is rising rapidly in many areas, including pollution monitoring and industrial quality control. On-line analytical instruments are penetrating the traditional process control market, as customers require faster and more accurate data to improve control of product processes for better quality and less waste.

Best Products/Services

[Return to top](#)

Laser and opto-electronic instrumentation, laboratory automation and information systems (LIMS), and the broad spectrum of chromatographic technologies.

Opportunities

[Return to top](#)

Due to the strong export orientation of German manufacturers (60 percent of the annual production output is exported), the industry depends greatly on imported technologies, significantly from the United States. With an import market share of 45 percent, the United States continues to be by far the No.1 foreign supplier of S&LI to Germany.

Resources

[Return to top](#)

Trade Fairs:

Achema (Chemical Engineering, Environmental Protection and Biotechnology),

<http://www.achema.de/ACHEMA-lang-en.html>

Analytika (Instrumental analysis, laboratory technology and biotechnology),

<http://www.analytika-world.com>

Intergeo (Geodesy, Geoinformation and Land Management),

<http://www.intergeo.de/englisch/page/main/index.php>

Interkama (Automation technology), http://www.hannovermesse.de/interkama_e?x=1

Laser (World of Photonics): <http://www.global-electronics.net/id/23988>

Medica, www.medica.de

Optatec (Optical Technologies, Components, Systems and Manufacturing),

<http://www.schall-messen.de/de/1353>

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

Commercial Service Contact:

Electronic Industry Production and Test Equipment

Overview

[Return to top](#)

(USD million)	2003	2004	2005(e)
Total Market Size	6,260	6,560	7,000
Total Local Production	10,065	11,290	12,500
Total Exports	7,710	9,100	10,000
Total Imports	3,905	4,370	4,500
Imports from the U.S.	586	656	700

While growth in the electronic industry production market in Germany has slowed, the industry still displays positive signals and is expected to reach a market of USD 7 billion in 2005. When considering the shift of markets within the global industry, Germany has remained stable and retains 50% of EU production. Around 90% of the equipment produced in Germany is exported, of which 50% goes to Western European countries.

The test equipment market has gone through two years of reduction, a decrease of 10% in 2002 and 2% in 2003, based on dollar value. Industry experts state that the market has stabilized in 2004 at USD 290 million.

Best Products/Services

[Return to top](#)

The German electronic production and test equipment market has been able to retain its world market share due in large part to the automotive industry. It remains one of Germany's leading sectors and retains a sizeable production base in the country. The main areas of growth in the electronics industry are expected to be spurred by the growing distribution of flash memory chips, image sensors (cameras, mobile telephones, automotive), and selected product groups, such as optics, DSP's and MOS-Logic.

The electronics industry in Germany is very research-intensive, making it a receptive market for U.S. test equipment. Growth is expected in such markets as signal-analysis and mobile test equipment, especially in the area of UMTS.

Resources

[Return to top](#)

Trade Fairs:

SEMICON Europa, www.semi.org

SMT/Hybrid/Packaging, www.smt-exhibition.com

Sensor, www.sensorfairs.de

Test, www.sensorfairs.de

PRODUCTRONICA, www.productronica.de

Trade Associations:

VDMA (German Engineering Federation), www.vdma.org

ZVEI (German Electrical and Electronic Manufacturers Association), www.zvei.de

SEMI (Semiconductor Equipment and Materials Industry), www.semi.org

Commercial Service Contact:
moritz.holst@mail.doc.gov

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [Agricultural Products](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

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://europa.eu.int/comm/taxation_customs/dds/de/home.htm

A general overview of customs issues can also be obtained by visiting the following web page: 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 16%, 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 16% "Value-added Tax" (VAT). Both customs duty and Import Turnover Tax are collected by the German customs authorities.

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

[Return to top](#)

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.

Import Requirements and Documentation

[Return to top](#)

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.org/relaunch/info/consular_services/customs/tariff.html

Agricultural Products

[Return to top](#)

General Veterinary Requirements: In April 1997, the U.S. and the EU reached an agreement on an overall framework for recognizing as equivalent each other's veterinary inspection systems. Progress made should open new trade opportunities for red meat and preserve most pre-existing trade in products, such as pet food, dairy and egg products. The veterinary equivalency agreement covers more than USD1.5 billion in U.S. animal product exports to the EU and an equal value of EU exports to the United States. Despite this progress and a ruling in favor of the United States by the WTO, the EU continues to bar imports of red meat.

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 importation 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 the terms of this agreement, the cattle

must come from an EU-approved source, and the animals must be slaughtered in a slaughterhouse that has been approved by the EU for handling untreated beef.

Beef: The EU beef market is largely insulated from the world market by high import duties on most products. 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 for annual imports of up to 11,500 MT of beef from the United States and Canada under its high-quality beef (HQB) quota at a duty of 20 percent.

Pork: Selected market opportunities exist for imports of pork. Market access within the EU has improved through the creation of a tariff-rate quota totaling 66,500 MT since the year 2000, including a 39,000 MT allocation for tenderloins, boneless loins, and boneless hams.

Poultry: Unfortunately, U.S. and EU negotiators were not able to reach agreement on a number of important points during the veterinary equivalency negotiations, particularly in the poultry sector. The most contentious issue in the negotiations concerned the use in the United States of chlorinated water and other anti-microbial treatments in poultry processing. However, 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 USD50 million in 1996.

Dairy Products: The veterinary agreement allows for the resumption of U.S. dairy product exports to Germany, which had been banned for more than one year. Under the Uruguay Round Agreement, the variable levy on dairy products has been replaced by a fixed tariff equivalent.

Pet food: Since 2004, U.S. pet food exports to the EU have to comply with EU regulation 1774/2002. This regulation requires that animal by-products used in the production of feeds and pet food be derived from the carcasses of animal declared fit for human consumption following veterinary inspection. Provisions include a ban on intra-species recycling and 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 production of product fit for human consumption.

Plant Health: As part of the Single Market exercise, plant health regulations in the twenty-five European Union Member States have been harmonized. The new regulations went into effect on June 1, 1993, for the original 15 members 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 most fresh products.

With respect to the use of solid wooden packing materials (SWPM), it is important to mention that the EU intends to require, beginning January 1, 2009, that all SWPM have to be either heat treated or fumigated and, in addition to these treatment requirements, the material has to be free of bark. EU scientists fear that properly treated SWPM is at risk for re-infestation. International plant protection standards as also agreed by the United States do not require the absence of bark. Exports should carefully follow the status of EU import requirements to avoid problems at the port of entry into the EU.

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 border 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 eight percent 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: There is a growing market within Germany for certified organic products. Since July 1992, union-wide regulations on marketing organic products have been in effect. Administrative hurdles still slow down the development of this promising import market. The U.S. National Organic Program Final Rule became effective April 21, 2001, for full implementation in October 2002. Adherence should help to reduce bureaucratic requirements for trade in certified organic products with the European Union. However, until the EU and the U.S. negotiate an organic equivalency agreement, importers must work through German authorities to submit oversight information on certified organic products on a case-by-case basis. Currently, the EU is in the process of amending its organic production, processing, and trading regulations. The amended regulations are expected to impact the rules for the importation of organic foods and feeds from non-EU countries. The amended rules are expected to be finalized by the end of 2006. In 2004, the EU implemented an Action Plan to promote the production and consumption of organically grown and produced foods. Since this is a very generic promotion program, suppliers of organic products worldwide should benefit from it. The new grand-coalition government will minimize its involvement in the industry and allow consumption to be determined by market forces. Currently, about 4 percent of German agricultural output is organic.

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. Since prices for basic agricultural commodities, such as dairy products, sugar, and cereals are considerably higher than world market prices, the EU maintains a mechanism to protect EU consumer-ready food products from imports made with lower-price inputs. Therefore, most processed products entering the EU are subject to additional import charges based on the percentage of sugar, milk fat, milk protein, and starch 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/scripts/attacherep/default.asp>

Packaging Disposal: With the tremendous growth of waste and increasing disposal problems, Germany has established legislation, which 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, dependent 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 disadvantages 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 staffed field offices in Germany, others may have a trade representative or public relations company representing their interests, and others may cover Germany from other European offices 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. If you would like more information about the MAP and FMD program or would like to know more about which associations are active in Germany please contact the Office of Agricultural Affairs at the U.S. Embassy in Berlin.

U.S. Export Controls

[Return to top](#)

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 that 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

[Return to top](#)

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, is issued by the United States Council for International Business by appointment of the U.S. Customs Service: <http://www.uscib.org>

Customs Contact Information

[Return to top](#)

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

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Labeling and Marking](#)

Overview

[Return to top](#)

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, get entirely rid of 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 - with the result that accredited test laboratories are booked for months and market introduction for some products is delayed considerably.

German buyers may require additional performance or quality marks, which are not necessarily legally required, but which one 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 an imported product to be modified. Even

if the product does not require modification, it may require testing and certification before it can be marketed.

Two non-mandatory marks which may still be critical to successful marketing of a product in Germany are the "geprüfte Sicherheit" (GS) mark, for mechanical products, and the "Verband Deutscher Elektrotechniker" (VDE) mark for electrical components. It should be emphasized that neither the "GS" nor the "VDE" mark are mandatory for most products sold in Germany. The exception is 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 quality sign, similar to the UL mark in the U.S., regardless of legal requirement.

Standards Organizations

[Return to top](#)

The German organization that compiles the standards laying down the requirements for a "GS" mark is the "Deutscher Industrie Normenausschuss - DIN" (German Standards Institute, www.din.de). 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.

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.

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.

The input of external experts into standardization is organized in standards committees and working groups. Each standards committee is responsible for a distinct area of activity and also coordinates the corresponding standardization work at the EU and international levels. As a rule, the standards committee in DIN comprises 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](#).

Conformity Assessment

[Return to top](#)

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 bodies are accredited and designated to a Federal Ministry conformity assessment body indicating their scope.

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](http://europa.eu.int/comm/trade) 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 is incorporated in the [information exchange](#) of the notified bodies 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.int/index_en.htm

Product Certification

[Return to top](#)

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 of companies, 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 (for contact information please see below).

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/ts/htdocs/210/gsig/europe.htm>).

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](#)

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, inspection, and conformity assessment bodies with the aim to efficiently arrange the procedures on a common high quality level.

The DAR has the following tasks: It 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.

Currently, the DAR has the following subcommittees:

DAR - AZ (Committee for Cooperation between Mandatory and Voluntary Areas)

DAR - ABT (Committee for Training of Assessors)

DAR - AIZ (Committee for International Cooperation)

DAR - ATF (Committee for Technical Issues).

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.

Labeling and Marking

[Return to top](#)

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 rules or inquire about voluntary agreements among forwarders that affect packaging and labeling of containers, outer packaging, etc. Importers or freight forwarders should be able to advise U.S. exporters on shipping documents and outer packaging/labeling. EU 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 applies to food, medicines, chemicals, pharmaceuticals, and most likely other high-risk items. 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 25 EU countries for any electrical apparatus, and often more than one CE mark law may apply.

The relevant EU website for 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 scheme, and it has been awarded to 21 product groups. These 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. It takes the lifecycle (from cradle to grave) of a product into account e.g., the materials, health implications, and waste factors that impact on the environment.

The “Blue Angel” is a voluntary environmental labeling program. Created in 1977 by the Interior and Environmental Ministry, 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.

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>

<http://www.ticqa.eotc.be/>

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/>

BMWI –(Federal Ministry of Economics and Technology)

<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/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

2005 Investment Climate Statement - Germany

Investment Climate Statements provide a thorough description of the overseas environments in which U.S. investors must operate. The statements cover general characteristics, such as openness to foreign investment and treatment of foreign investors, as well as details about procedures for licensing and similar administrative matters. Please click on the link below to the U.S. Department of State:
<http://www.state.gov/e/eb/ifd/2005/42039.htm>

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

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 surety. L/C's for payments under USD 5,000 are almost unseen 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. U.S. 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 credit-worthiness of potential customers or partners, and recommends U.S. exporters to 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. Ex-Im Bank's mission is to assist in financing exports of U.S. goods and services to international markets. 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. 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. exporters by matching the financing that other governments provide to their exporters. 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 to the world's largest solar energy facility 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

[Return to top](#)

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. Germany's recent tax reform, however, eliminated the capital gains tax on holdings sold by one corporation to another as of January 2002. This change is considered especially important to promote industrial restructuring, unwind Germany's complex web of interlocking corporate ownership, and rationalize capital allocation.

Private banks control roughly 30 percent of the market, while publicly owned savings banks partially linked to state and local governments account for 50 percent of banking turnover, 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 financing homeowner mortgages, providing guarantees to small and medium-sized businesses, financing projects in disadvantaged regions in Germany and providing export financing for projects in developing countries.

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. Germany's major private banks are Deutsche Bank, Dresdner Bank, Commerzbank, and HVB.

Foreign-Exchange Controls

[Return to top](#)

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

Citibank AG
Reutterweg16
60323 Frankfurt am Main, Germany
Telephone: [49] [69] 1366-0
Website: <http://www.citibank.de>

JP Morgan GmbH
Junghofstr. 14
60311 Frankfurt am Main, Germany
Telephone: [49] [69] 7124-0
Telefax: [49] [69] 7124-2209
Web site: <http://www.jpmorgan.com>

Goldman-Sachs & CO OHG
Messeturm
Friedrich-Ebert-Anlage 49
60308 Frankfurt am Main, Germany
Telephone: [49] [69] 7532-1000
Telefax: [49] [69] 7532-2800
Web site: <http://www.gs.com/>

Merrill Lynch Bank AG
Neue Mainzer Strasse 52
60311 Frankfurt am Main, Germany
Telephone: [49] [69] 5899-0
Telefax: [49] [69] 5899-4000
Web site: <http://www.ml.com/>

Project Financing

Germany possesses the financial framework and institutions to support the development of large infrastructure works. However, the volume of project finance operations has been relatively modest in Germany in comparison to other EU countries, particularly the U.K. or France. Although the rising indebtedness of the German Federal state, and local authorities would seem to favor this type of financing, the relatively stagnant 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 relatively 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 small-scale 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 principle 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 industry fields, commercial banks Commerzbank and HVB, 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 consortia with German members to design and finance infrastructure projects in Germany and overseas. Another group member, KfW Development Bank (Förderbank), helps municipalities finance infrastructure.

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/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/ebd/>

The German Bankers' Association <http://www.bdb.de>

Federal Financial Supervisory Authority <http://www.bafin.de>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)

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 relationship.
- 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.

Travel Advisory

[Return to top](#)

- 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/> where the current [Worldwide Caution Public Announcement](#), [Travel Warnings and Public Announcements](#) can be found. Up-to-date information on security can also

be obtained by calling 1-888-407-4747 toll free in the United States, or, for callers outside the United States and Canada, a regular toll line at 1-317-472-2328. These numbers are available from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday (except U.S. federal holidays).

Visa Requirements

[Return to top](#)

- 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.org>.
- Inquiries from outside the United States may be made to the nearest German embassy or consulate.
- U.S. 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/index.html>

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

United States Embassy Berlin <http://www.usembassy.de/>

Telecommunications

[Return to top](#)

- Germany has not only been one of the fastest growing markets for mobile equipment - there are more mobile than fixed-line subscribers - but is also very well prepared for any future technology in the telecommunications sector. 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

[Return to top](#)

- 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.
- 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 the FRG than it may take in France or Scandinavia.

Language

[Return to top](#)

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

Health

[Return to top](#)

- 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.

Local Time, Business Hours and Holidays

[Return to top](#)

See <http://www.buyusa.gov/germany/en/holidays.html> for German holidays in 2006 and 2007.

Central European Time (CET): UTC/GMT +1 hour

Central European Summer Time (CEST): UTC/GMT +2 hours

Daylight saving time in Germany starts on Sunday, March 26, 2006, at 2:00 AM local standard time and ends on Sunday, October 29, 2006, at 3:00 AM local daylight time.

See <http://www.timeanddate.com/> for more information.

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

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; <http://www.uscib.org/>

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

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

A. Country Contacts

Federal Ministry of Economics and Technology
Bundesministerium fuer Wirtschaft & Technologie
www.bmwi.bund.de

Federal Bureau for Foreign Trade Information
<http://www.bfai.de/>

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.diht.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/>

Dresdner Bank AG <http://www.dresdner-bank.com/>

Westdeutsche Landesbank <http://www.westlb.de/>

Commerzbank AG <http://www.commerzbank.com/>

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/>
Commercial Service <http://www.buyusa.gov/germany/en/hamburg.html>

Leipzig <http://leipzig.usconsulate.gov/>
Commercial Service <http://www.buyusa.gov/germany/en/leipzig.html>

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.ita.doc.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>

<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.

G. U.S.-based Multipliers

Embassy of the Federal Republic of Germany
<http://www.germany-info.org>

CMA - German Agricultural Marketing Board
North American Office
<http://www.cmanorthamerica.org>

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

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

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.agbc.de> - American-German Business Club

<http://www.agbc-berlin.de> - American German Business Club Berlin

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

<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.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.

<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

[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/marketresearch.html> 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

Trade Events

[Return to top](#)

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.html> Worldwide trade events

Agricultural Trade Shows in Germany

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.

[Return to table of contents](#)

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) 2004 Directory of European Importers of U.S. Food and Beverage Products". The AFE directory contains listings of about 200 European companies, from 16 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 a hardcopy, an Internet version of the 2004 Directory is available at www.american-foods.org.

For further information please review the FAS Homepage and the FAS Processed Products Division. The FAS homepage may be visited on line at:
<http://www.fas.usda.gov>.

[Return to table of contents](#)

[Return to table of contents](#)

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 to U.S. businesses in Germany, please visit:

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

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>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.