



Doing Business in Germany

2014 Country Commercial Guide for U.S. Companies

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Market Overview

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

Germany is the largest consumer market in the European Union with a population of 80.8 million. However, the significance of the German marketplace goes well beyond its borders. An enormous volume of trade is conducted in Germany at some of the world's largest trade events, such as MEDICA, Hannover Fair, Automechanika, and the ITB Tourism Show. The volume of trade, number of consumers, and Germany's geographic location at the center of a 28-member European Union make it a cornerstone around which many U.S. firms seek to build their European and worldwide expansion strategies.

The German economy has improved markedly in recent years. The economy took a serious hit during the economic crisis. Because of the country's strong export dependency, GDP declined by more than 5 percent in 2009. However, the V-shaped recovery was equally strong, as pre-crisis real GDP was reached again in the second quarter of 2011. The German government expects real GDP to grow by 1.8% in 2014 and by 2.0% in 2015.

The labor market remained resilient during the economic and financial crisis and continued to be strong in 2013. A comprehensive set of labor and social reforms, termed "Agenda 2010," which former Chancellor Gerhard Schröder and his Social Democrat/Greens coalition government introduced between 2003-2005 helped overcome the structural weaknesses of the German welfare state and labor market, resulting in today's strong employment growth and low unemployment. Many experts also credit the government-funded short-time work scheme for limiting unemployment during the economic crisis which allowed companies under considerable economic stress to avoid layoffs by reducing their worker's working time and pay for a limited amount of time. Other factors, such as moderate wage increases, flexibility in bargaining agreements, numerous company-level alliances to retain jobs, and employers' willingness to accept higher unit labor costs, also contributed to the stability of the German labor market.

As a result of the positive economic development, employment in Germany has continued to rise for the eight consecutive years and reached an all-time high of 41.84

million in 2013, an increase of 233,000 from 2012. Particularly women and the elderly have benefitted from the positive trends.

Simultaneously, unemployment has fallen by almost two million since 2005; at the end of 2013, 2.95 million people were unemployed. The jobless rate was at 6.9% in 2013, according to the German Federal Statistical Office (using the internationally comparable concept of the International Labor Organization (ILO) the German unemployment rate stood at 5.5%). There was a minor increase in unemployment in 2013, with an increase of 0.1% or 53,000, in comparison to 2012, the year with the lowest unemployment rate since German reunification.

Market Challenges

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

Market Opportunities

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

Market Entry Strategy

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

The German market is decentralized and diverse, with interests and tastes differing from

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

Market Fact Sheet

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Profile

Population: 80.5 Million in 2012 (Source: DeStatis)

Capital: Berlin

Government: Federal parliamentary constitutional republic

Economy

EUR billion	2011	2012	2013
Nominal GDP (Current billion EUR)	2,609.90	2,666.40	2,737.60
Nominal GDP Per Capita (Current EUR)	31,9140.00	32,550.00	33,346.00
Real GDP Growth Rate (% change)	3.3	0.7	0.4
Real GDP Growth Rate Per Capita (% change)	4.6	2.0	2.4
Consumer Prices (% change)	2.1	2.0	1.5
Unemployment (% of labor force)*	5.5	5.5	5.9

(Source: DeStatis, *ILO)

Foreign Merchandise Trade (USD Millions)

EUR billion	2011	2012	2013
Germany Exports to World	1 126.69	1 172.59	1 169.11
Germany Imports from World	972.99	994.35	977.84
U.S. Exports to Germany	49,146.8	48,797.1	47,442.2
U.S. Imports from Germany	98,687.9	108,708.1	114,644.4
U.S. Trade Balance with Germany	-49,541.1	-59,911.0	-67,202.2

(Source: *DeStatis, U.S. Bureau of the Census)

Position in U.S. Trade

	2011	2012	2013
Rank of Germany in U.S. Exports	6	6	5
Rank of Germany in U.S. Imports	5	5	5
Germany Share (%) of U.S. Exports	3.3	3.2	3.0
Germany Share (%) of U.S. Imports	4.5	4.8	5.1

(Source: U.S. Bureau of the Census)

Principal U.S. Exports to Germany (2013)

Commodities by two-digit SITC codes	F.A.S. Value in USD 1,000	Share %
Transport equipment, n.e.s.	5,906,622	12.45
Road vehicles (including air-cushion vehicles)	5,894,944	12.43
Professional, scientific and controlling instruments and apparatus, n.e.s.	3,906,885	8.24
Electrical machinery, apparatus and appliances, n.e.s., and electrical parts thereof (including nonelectrical counterparts of household type, n.e.s.)	3,592,366	7.57
Medicinal and pharmaceutical products	2,300,656	4.85

(Source: U.S. Bureau of the Census)

Principal U.S. Imports from Germany (2013)

Commodities by two-digit SITC codes	C.I.F. Value in USD 1,000	Share %
Road vehicles (including air-cushion vehicles)	32,436,032	27.74
Medicinal and pharmaceutical products	11,395,375	9.75
General industrial machinery and equipment, n.e.s., and machine parts, n.e.s.	9,216,175	7.88
Electrical machinery, apparatus and appliances, n.e.s., and electrical parts thereof (including nonelectrical counterparts of household type, n.e.s.)	7,393,686	6.32
Power generating machinery and equipment	6,331,412	5.41

(Source: U.S. Bureau of the Census)

Foreign Direct Investment (Millions of Dollars)

	2010	2011	2012
U.S. FDI in Germany	103,319	111,088	121,184
FDI in U.S. by Germany	203,077	215,250	199,006

(Source: BEA)

Doing Business/Economic Freedom Rankings

World Bank Doing Business in 2013 Rank: 21 of 189

Heritage Index of Freedom in 2013 Rank: 18 of 177

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Chapter 2: Political and Economic Environment

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

www.state.gov/r/pa/ei/bgn/index.htm

For Germany:

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

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Using an Agent or Distributor

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

Key Link:

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

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

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2001:368:0013:0015:EN:PDF>

The EU also seeks to combat payment delays. The new Directive 2011/7/EU, which replaced the current law in March 2013, covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. Directive 2011/7/EU entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of 8% above the European Central Bank rate) as well as 40 Euro as compensation for recovery of costs. For business-to-business transactions a 60-day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF>

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

Key Links:

www.ombudsman.europa.eu/home/en/default.htm
http://ec.europa.eu/solvit/site/about/index_en.htm

Data Privacy and Protection

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Current Situation

The EU's general data protection Directive (95/46/EC) spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter. While the EU institutions are considering new legislation (GDPR), the 1995 Directive remains in force.

Transferring Customer Data to Countries outside the EU

The EU's current general data protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if the third country's legislation provides adequate protection for it or if the unambiguous consent of the data subject is secured. The European Commission has decided that a handful of countries have

regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is not one of these.

As a result, in 2000 the Department of Commerce and the European Commission negotiated the U.S-EU Safe Harbor Framework to provide U.S. companies with simple, streamlined means of complying with the adequacy requirement. It allows those U.S. companies that commit to a series of data protection principles (based on the current Directive), and that publicly state that commitment by "self-certifying" on a dedicated website, to continue to receive personal data from the EU. Signing up is voluntary but the rules are binding on those who do. The ultimate means of enforcing Safe Harbor is that failure to fulfill the commitments will be actionable as an unfair and deceptive practice under Section 5 of the FTC Act or under a concurrent Department of Transportation statute for air carriers and ticket agents. While the United States as a whole does not enjoy an adequacy finding, transfers that are covered by the Safe Harbor Framework do. Companies whose activities are not regulated by the FTC or DoT (e.g. banks, credit unions, savings and loan institutions, securities dealers, insurance companies, not-for-profit organizations, meat packing facilities, or telecommunications carriers) are not eligible to sign up for the Safe Harbor.

Key links: U.S.-EU Safe Harbor Overviews

http://export.gov/safeharbor/eu/eg_main_018476.asp

http://export.gov/static/Safe%20Harbor%20and%20Cloud%20Computing%20Clarification_April%2012%202013_Latest_eg_main_060351.pdf

EU-based exporters or U.S.-based importers of personal data can also satisfy the adequacy requirement by using appropriate safeguards, for instance by including data privacy clauses in the contracts they sign with each other. The Data Protection Authority in the EU country from where the data is being exported must approve these contracts. To fast track this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent were published at the beginning of 2005, and were complemented in 2010 by contractual clauses on "sub-processing" (outsourcing by an EU based exporter of its processing activities to other sub-processors outside the EU). Most transfers using contracts based on these model clauses do not require prior approval. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to the general data protection Directive regardless of any Safe Harbor, contractual or consent arrangements.

EU countries' Data Protection Authorities (DPAs) and large multinational companies have also developed a third major approach to compliance with EU rules on transfers of personal data to countries outside the EU. This is based on country-by-country DPA approval of "binding corporate rules" (BCRs). A BCR is the international code of practice that a multinational corporation follows for transfers of personal data between the companies belonging to that corporation (worldwide intra-group transfer). BCRs are suitable for closely-knit, highly hierarchically structured multinational companies but not for loose conglomerates. Companies that set up BCRs that satisfy European DPAs are able to use the presumption of conformity that these approvals provide to transfer personal data from the EU to any location in the world – not just the United States. BCRs can be a tool for compliance with privacy rules on a global scale. The process of negotiation and approval of the BCRs is currently lengthy and complex, and has not been attempted by small or medium-sized companies.

Proposed New Regulation

The EU's current data privacy legislation is undergoing review. A new commercial data protection regulation (GDPR) was proposed by DG Justice in January 2012. The European Parliament adopted on March 12, 2014, by a large majority, the position that its LIBE committee had developed on the proposed regulation. The 2012 proposal is in parallel being revised by the EU Council of Ministers. Greece was able to make good progress while holding the rotating Presidency of the EU Council during the first six months of 2014. Italy will take on the Presidency as of July 2014 while both the Parliament and Commission will be transitioning after the May 2014 European elections. If the EP's March 2014 version of the regulation is adopted, it will impose significant requirements on European and U.S. businesses on the way they are able to gather and utilize user data. It will also sunset all adequacy decisions after five years as well as transfers by way of appropriate safeguards after two years. Additionally, it will introduce substantial fines for offending companies (up to 5% of global revenue). For over two years, industry representatives have voiced their concerns to EU Institutions and member state officials. In a Position Paper published in July 2012, the American Chamber of Commerce to the EU identified 10 key concerns with the proposed regulation including:

- data breach notification
- consent
- definition of personal data, a child, and of public interest
- technical feasibility of the "right to be forgotten" provision
- extra-territoriality element that would hamper international data transfers.

The implications of this proposed regulation go well beyond its immediate scope; in particular data privacy is an integral part of other current EU regulatory initiatives in ICT sectors such as cloud computing and cyber-security.

Key Links:

European Commission's Justice Directorate-General:

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

http://ec.europa.eu/justice/data-protection/document/international-transfers/transfer/index_en.htm

http://ec.europa.eu/justice/data-protection/document/international-transfers/binding-corporate-rules/index_en.htm

AmChamEU position paper on the proposed regulation:

www.amchameu.eu/DesktopModules/Bring2mind/DMX/Download.aspx?TabId=165&Command=Core_Download&EntryId=7914&PortalId=0&TabId=165

Franchising

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U.S. businesses looking to franchise within the European Union will likely find that the market is quite robust and friendly to franchise systems in general. There are a number of laws that govern the operation of franchises within the EU, but these laws are fairly broad and generally, do not constrain the competitive position of U.S. businesses. The

potential franchiser should take care to look not only at the EU regulations, but also at the local laws concerning franchising. More information on specific legislation can be found on the website of the European Franchise Federation: www.eff-franchise.com/spip.php?rubrique21

Direct Marketing

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Germany

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

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

EU legislation

There is a wide-range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce.

Processing Customer Data

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

Distance Selling Rules

The EU's Directive on Distance Selling to Consumers (97/7/EC and amendments) sets out a number of obligations for companies doing business over a distance with consumers.

It can read like a set of onerous "do's" and "don'ts," but in many ways, it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer

remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Selling Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - “the Consumer Rights Directive”. The provisions of this Directive will apply to contracts concluded after June 13, 2014, and will replace current EU rules on distance selling to consumers and doorstep selling along with unfair contract terms and consumer goods and associated guarantees. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts. It also regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes. Companies are advised to consult the relevant sections of [EU Member States' Country Commercial Guides](#) and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. A specific Online Dispute Resolution Regulation will set up an EU-wide online platform to handle consumer disputes that arise from online transactions. The platform will be operational at the end of 2015.

Key Links:

Consumer Affairs Homepage:

http://ec.europa.eu/consumers/index_en.htm

Consumer Rights:

http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm

Distance Selling of Financial Services

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

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

Direct Marketing over the Internet

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily

accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Key Link:

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

Joint Ventures/Licensing

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

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

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

Licensing

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

Selling to the Government

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Germany

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

EU Legislation

The public procurement market in the EU is currently regulated by three Directives and in 2014, the EU adopted new legislation in this area. New EU Directives were adopted for the general and utilities sectors as well as one on concession contracts:

- Directive 2004/18 on Coordination of Procedures for the Award of Public Works, Services and Supplies Contracts;
- Directive 2004/17 on Coordination of Procedures of Entities Operating in the Utilities Sector, which covers water, energy, transport and postal services; and
- Directive 2009/81 on Coordination of Procedures for the Award of Certain Works, Supply and Service Contracts by contracting authorities in the fields of defense and security.

There is a separate Directive addressing the procurement of defense and sensitive security equipment.

According to some estimates, the size of the EU public procurement market is thought to be between 340 billion euros - 440 billion euros. More details on the size of the EU public procurement market are available in “The Annual Public Procurement Implementation Review”:

http://ec.europa.eu/internal_market/publicprocurement/docs/implementation/20121011-staff-working-document_en.pdf

Remedy directives cover legal means for companies who face discriminatory public procurement practices.

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

http://ec.europa.eu/internal_market/publicprocurement/rules/gpa-wto/index_en.htm

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in EU coverage of the GPA. The Utilities Directive allows EU contracting authorities to either: 1) reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender; or 2) apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions, however, are waived for the electricity sector.

While authorities of EU member states have to apply EU Public Procurement Directive when procuring goods and services, the EU institutions follow different procurement rules, as explained in our reports on “Selling goods and services to the EU institutions – Update 2014” and “Tenders for Government Contracts in the EU”:

<http://export.gov/europeanunion/marketresearch/index.asp>

Distribution and Sales Channels

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

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

Germany

Over 51 million Internet users above the age of 14 make European's largest economy also the European leader in e-commerce with transactions of over EUR 33 billion in 2013 (about 14 percent of all German retail revenue). Amazon.de alone accounted for about 23 percent of this revenue in 2013. Mobile Internet access is being used by over 51 percent of Internet users. The most popular product categories are books, tickets, travel, clothing, music, film, furniture, toys and consumer electronics. Price, trust and product diversity play a major role in determining where products are purchased. E-commerce revenues will continue to rise in 2014.

EU Regulations

The Electronic Commerce Directive (2000/31/EC) mentioned in the direct marketing section above provides rules for online services in the EU. It requires providers to abide by rules in the country where they are established (country of origin). Online providers must respect consumer protection rules such as indicating contact details on their website, clearly identifying advertising and protecting against spam. The Directive also grants exemptions to liability for intermediaries that transmit illegal content by third parties and for unknowingly hosting content. The European Commission released a work plan in 2012 in order to facilitate cross-border online services and reduce barriers and released a [report](#) on implementation of the action plan in 2013.

Key Link:

http://ec.europa.eu/internal_market/e-commerce/directive_en.htm

The EU applies Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU-based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules were indefinitely extended following adoption of Directive 2008/8/EC.

Businesses affected by EU Directive 2002/38 are either U.S.-based and selling ESS to non-business EU customers, or are EU-based businesses selling ESS to customers outside the EU. There are a number of compliance options for businesses. The Directive creates a special scheme that simplifies registering with each member state. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are located, but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

For more, go to the EC website:

http://ec.europa.eu/taxation_customs/taxation/vat/traders/e-commerce/index_en.htm

Trade Promotion and Advertising

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Trade Fairs

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

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

Website: <http://export.gov/germany/TradeShowsEvents/>

Advertising

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

Many advertising practices that are common in the United States, such as offering premiums, are not allowed in Germany. Any planned advertising campaigns should be discussed with a potential business partner or an advertising agency in Germany.

Following is the address of the German association of advertising agencies:

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

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

EU Regulations

General Legislation

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

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

The EU's Audiovisual Media Services Directive lays down legislation on broadcasting activities allowed within the EU. Since 2009, the rules allowing for U.S.-style product placement on television and the three-hour/day maximum of advertising have been lifted. However, a 12-minute/hour maximum remains. Child programming is subject to a code of conduct that includes a limit of junk food advertising to children. Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are considered as legally binding on the seller. For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below. This Directive, however, will be incorporated into the Consumer Rights Directive mentioned above by June 2014.

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

Key Link:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

http://ec.europa.eu/avpolicy/reg/avms/index_en.htm

Medicines

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

The Commission presented a new proposal for a framework for information to patients on medicines in 2008 which would allow industry to produce non-promotional information about its medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance. The debate on the framework however is currently blocked in the member states and therefore, current varying systems at national level are in force.

Key Link:

http://ec.europa.eu/health/human-use/information-to-patient/index_en.htm

Nutrition & Health Claims

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

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

The development of nutrient profiles, originally scheduled for January 2009, has been delayed. Nutrition claims can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states “high sugar

content.” A European Union Register of nutrition claims has been established and is updated regularly. Health claims cannot fail any criteria.

Detailed information on the EU’s Nutrition and Health Claims policy can be found on the USEU/FAS website at <http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/nutrition-health-claims/> and in the EU-28 “Food and Agricultural Import Regulations and Standards (FAIRS) Report.

Key Link:

<http://ec.europa.eu/nuhclaims/>

Food Information to Consumers

In 2011, the EU adopted a new regulation on the provision of food information to consumers (1169/2011). The new EU labeling requirements will apply from December 13, 2014 except for the mandatory nutrition declaration which will apply from December 13, 2016.

Detailed information on the EU’s new food labeling rules can be found on the USEU/FAS website at www.usda-eu.org/trade-with-the-eu/eu-import-rules/eu-labeling-requirements/ and in the EU-28 “Food and Agricultural Import Regulations and Standards (FAIRS) Report.

Key link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:304:0018:0063:EN:PDF>

Food Supplements

[Directive 2002/46/EC](#) harmonizes the rules on labeling of food supplements and introduces specific rules on vitamins and minerals in food supplements. Ingredients other than vitamins and minerals are still regulated by member states.

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods. This list was most recently revised in November 2009. A positive list of substances other than vitamins and minerals has not been established yet, although it is being developed. Until then, member state laws will govern the use of these substances.

Key Link:

http://ec.europa.eu/food/food/labellingnutrition/supplements/index_en.htm

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many member states. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the Audiovisual Media Services Directive. A revised Tobacco Products Directive has been adopted and must now be transposed into national legislation by member states by 2016. The new legislation will include bigger, double-sided health pictorial warnings on cigarette packages and possibility for plain packaging along with health warnings, tracking systems.

Key link:

<http://ec.europa.eu/health/tobacco/products/>

Pricing

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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 B2B relations.

Sales Service/Customer Support

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Germany

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

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

Product Liability

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

Key link:

<http://ec.europa.eu/enterprise/policies/single-market-goods/product-liability/>

Product Safety

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

Key link:

http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service

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

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

Key link:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01999L0044-20111212&qid=1395670475658&from=EN>

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property

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Protecting Your Intellectual Property in the EU:

Several general principles are important for effective management of intellectual property ("IP") rights in the EU. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in the EU than in the United States. Third, rights must be registered and enforced in the EU under local laws. Your U.S. trademark and patent registrations will not protect you in the EU. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the EU market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally, cannot enforce rights for private individuals in EU. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in EU law. The U.S. Commercial Service can provide a list of local lawyers upon request.

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

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

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

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

IP Resources

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

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.StopFakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Angola, Argentina, Brazil, China, Colombia, Egypt, Ghana, India, Indonesia, Kenya, Mexico, Mozambique, Nigeria, Russia, Saudi Arabia, Senegal, South

Africa, Thailand, Turkey and Vietnam. For details and to register, visit:
www.stopfakes.gov/business-tools/international-ip-advisory-program

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. For contact information, please see:
www.uspto.gov/ip/global/attache/Attache_Contacts_2012-08.doc

Due Diligence

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

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

Local Professional Services

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

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at:
<http://export.gov/europeanunion/businessserviceproviders/index.asp>.

Web Resources

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EU websites:

Coordination of the laws of the member states relating to self-employed commercial agents (Council Directive 86/653/EEC):
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2001:368:0013:0015:EN:PDF>

Directive on Late Payment:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF>

European Ombudsman:

www.ombudsman.europa.eu/home/en/default.htm

EU's General Data Protection Directive (95/46/EC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1995:281:0031:0050:EN:PDF>

Safe Harbor:

http://export.gov/safeharbor/eu/eg_main_018476.asp

Information on contracts for transferring data outside the EU:

http://ec.europa.eu/justice/data-protection/document/international-transfers/transfer/index_en.htm

EU Data Protection Homepage:

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

Distance Selling Rules:

http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm

Distance Selling of Financial Services:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:271:0016:0024:EN:PDF>

E-commerce Directive (2000/31/EC):

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

VAT on Electronic Service:

http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

The Unfair Commercial Practices Directive:

<http://ec.europa.eu/consumers/rights/>

Information to Patients - Major developments:

http://ec.europa.eu/health/human-use/information-to-patient/legislative-developments_en.htm

Nutrition and health claims made on foods - Regulation 1924/2006

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:012:0003:0018:EN:PDF>

Regulation on Food Information to Consumers:
[Regulation 1169/2011](#)

EU-27 FAIRS EU Country Report on Food and Labeling requirements:
www.usda-eu.org/trade-with-the-eu/eu-import-rules/fairs-reports/

Guidance document on how companies can apply for health claim authorizations:

Summary document from EFSA
www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_summary_en.pdf?ssbinary=true

Health & Nutrition Claims
http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Tobacco
http://ec.europa.eu/health/tobacco/policy/index_en.htm

Product Liability:
http://europa.eu/legislation_summaries/consumers/consumer_safety/l32012_en.htm

Product Safety
http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-Sales Service:
<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01999L0044-20111212&qid=1395670475658&from=EN>

Copyright: http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm
Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32001L0029:EN:HTML>

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

Trademark
http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

European Patent Office (EPO)
www.european-patent-office.org/

Office for Harmonization in the Internal Market (OHIM)
<http://oami.europa.eu/>

World Intellectual Property Organization (WIPO) Madrid
www.wipo.int/madrid/en

U.S. websites:

IPR Toolkit: www.stopfakes.gov/sites/default/files/europeanunion_toolkit.pdf

EU Public Procurement:

<http://export.gov/europeanunion/marketresearch/eufundingandgovernmentprocurementsectors/index.asp>

Local Professional Services:

<http://export.gov/europeanunion/businessserviceproviders/index.asp>

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

- [Information Technology and Software](#)
- [Drugs and Pharmaceuticals](#)
- [Medical Equipment](#)
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- [Automotive Parts and Services](#)
- [Sporting Goods](#)
- [Travel & Tourism](#)
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- [Agricultural Sectors](#)

Exchange Rates

Exchanges rates used throughout this chapter unless otherwise stated:

Year	EUR 1 = USD
2012	1.28
2013	1.33
2014	1.37
2015	1.37

Overview

	USD billion		
	2012	2013	2014(estimated)
Software	22.1	23.2	26.2
Consumer Electronics	16.1	14.2	14.9
IT Hardware	26.9	27.5	28.5
Telecommunications Devices	11.3	12.6	14.0
Telecommunications Infrastructure	7.7	8.2	8.6

(Source: BITKOM)

Germany's ICT market is the largest in Europe. Industry experts are expecting a larger growth rate in the near future due to the easing of the Eurozone crisis. Drivers for this growth are the necessity to increasingly focus on cost reduction, efficiency and compliance, as well as implementation of new technology for business expansions into new regions. The German IT market is very competitive, but U.S. firms have a very strong position employing ten thousands of employees in Germany. IBM has had operations in Germany for more than 100 years. Analysts estimate that approximately 75% of software products sold in Germany are supplied by U.S. companies. In 2012, the largest software companies (SAP, Oracle, IBM, etc.) in Germany accounted for more than EUR 9.4 billion in sales. This represents 55% of the German market. However, smaller companies also have a niche alongside the major players.

Today there are more than 72,000 ICT companies in Germany, employing 876,000 people. As many other countries, Germany is suffering from a shortage of IT professionals.

Opportunities

Industry-specific and niche products will continue to find good sales opportunities in Germany. U.S. IT products are seen as innovative, having superior quality and cutting edge technology. The German public sector, banking, insurance, medical and utilities sectors offer good opportunities.

"Green IT" is driving demand for systems planning and design solutions. Government enterprises are planning to implement digital solutions for e-government and e-health, fueling growth in both hardware and software market and could be seen as opportunity to U.S. companies who would be able to assist in those areas. The need to improve operations and profitability amongst a new globally competitive environment is the main driver for an increased in-house IT spending by SMEs.

Best Prospects

IT Security, Cloud computing, Mobile Applications, and big Big Data. Other areas of interest are IT-Outsourcing, Social Media, Business Intelligence and Industry 4.0. (Source: BITKOM)

Web Resources

Trade Fairs:

CeBIT (ICT trade show): www.CeBIT.de

IT-SA (IT Security Trade Show): www.it-sa.de

conhIT (Europe's largest event for Healthcare IT): www.conhit.de

gamescom (Europe's leading games trade show): www.gamescom-cologne.com

Trade Associations:

www.bitkom.org

www.bitmi.de

www.teletrust.de

www.eco.de

www.nifis.de

www.biu-online.de

www.vatm.de

Government Entities:

Federal Office for Information Security: www.bsi.de

German Regulatory Authority: www.bundesnetzagentur.de

Trade Publications:

www.computerwoche.de

www.crn.de

www.channelpartner.de

www.eito.com

Commercial Service Contact for Computer Hardware, Consumer Electronics and Telecommunication:

Mathias.Koeckeritz@trade.gov

Commercial Service Contact for Software:

Doris.Groot@trade.gov

Drugs and Pharmaceuticals

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Overview

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USD billion

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	18,600,000	19,700,000	21,220,000	21.84
Total Local Production	39,500,000	40,700,000	41,920,000	43.20
Total Exports	70,500,000	73,000,000	75,200,000	77.50
Total Imports	49,600,000	52,000,000	54,500,000	56.1
Imports from the U.S.	9,300,000	9,849,000	10,150,000	10.50
Exchange Rate: 1 USD	1.28	1.33	1.37	1.37

(Source: BPI-German Pharmaceutical Industry Association)

Germany's market for drugs and pharmaceuticals is the fourth largest worldwide after the United States, Japan and China. The German government's commitment to its fiscal austerity program and to additional spending cuts by 2014 are restricting annual market growth to one-digit increases. Market consolidation continues, and drug prices have been under pressure from de-reimbursement; fixed-level drug pricing, and referencing pricing schemes. The market is projected to grow annually by 3% from 2012-2015, with the fastest growth for new and expensive pharmaceuticals in the specialized hospital segment. The statutory health insurance system accounts for about 80% of the market, with tight reimbursement rules, greater use of generics and downward pressure on generic prices due to the rebate system and the full VAT of 19% levied on drug sales. Opportunities also exist for local production, research and acquisition of German pharmaceutical manufacturers.

Sub-Sector Best Prospects

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Drugs for acute conditions such as cancer, rheumatoid arthritis, and multiple sclerosis; but also for chronic conditions such as cardiovascular diseases; diabetes; and preventive medicine. Drugs for rare diseases, so-called Orphan Drugs, with market exclusivity for 10 years in the European Union, should also see good market potential as should bio-based medication; personalized medicines and biosimilars/biopharmaceuticals.

Opportunities

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Germany remains an attractive export market for innovative U.S. drug makers, despite one-digit market growth in recent years and increasing competition from generic drug manufacturers as a result of patent expiration. Consumer spending on pharmaceuticals remains high and is expected to increase further with an ageing population. Early assessment of new and innovative drugs is expected to contribute to the decrease in consumer drug prices for the patented drug segment. The generic market is also growing as patents expire, resulting in additional opportunities for U.S. suppliers.

German Government Agencies:

German Health Ministry: www.bmg.bund.de

Federal Agency for Pharmaceuticals and Medical Products: www.bfarm.de

Federal Agency for Sera and Vaccines: www.pei.de

Federal Institute for Risk Assessment: www.bfr.bund.de

Federal Institute for Consumer Protection and Food Safety: www.bvl.bund.de

Trade Fairs:

Cphi: www.cphi.com

Expopharm: www.expopharm.de

Biotechnica: www.biotechnica.de

MEDICA: www.medica.de

Trade Associations:

BPI (Association of the German Pharmaceutical Industry): www.bpi.de

VFA (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@trade.gov

Overview

	USD billion			
	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	29,700,000	30,400,000	31,044,000	31.6
Total Local Production	29,000,000	29,800,000	30,600,000	31.3
Total Exports	20,000,000	20,500,000	21,200,000	21.8
Total Imports	19,700,000	21,100,000	21,644,000	22.1
Imports from the U.S.	5,625,000	5,906,000	6,200,000	6.5
Exchange Rate: 1 USD	1.28	1.33	1.37	1.37

(Sources: Spectaris Trade Association; BVMED Trade Association; Eucomed; Statista)

With currently 5.4 million employees, the healthcare industry is the biggest employer in the country. Germany is Europe’s largest market for medical devices and the world’s third largest market behind the United States and Japan, accounting for roughly EUR 30 billion in 2013. Although in decline, Germany’s population accounts for 20% of the total population in Western Europe with an estimated 80.6 million inhabitants in 2013. Germany counts 2,000 hospitals; 2,000 medical supply stores; 1,200 rehabilitation centers; 21,500 pharmacies; and 150,000 doctors’ offices. Key industry drivers include the need for innovation; the solid financial basis of the German medtech industry (80% of which are SMEs); and a stable demand in major health care market segments.

At over 11.6% of GDP in 2013, healthcare expenditures continue at high levels. Health reforms and cost-cutting measures keep the market tight, with continued downward pressure on prices. Government funding of hospital projects has remained static; major opportunities are seen for private hospitals and clinics. Demand will mainly be driven by a substantial increase in the number of patients due to demographic changes and by the need for economies of scale and efficient procedures. Furthermore, there is a trend towards a healthier lifestyle resulting in increased consumer spending on health care. The German medical market grew by 2.6% in 2013. The medical technology sector continues to be strong in innovation and will provide good potential for U.S. suppliers of innovative and price-competitive products. Buzzwords are personalized medicine; 3-D printing; and big data applications. U.S. medical device exporters to Germany continue to hold a 27-30% import market share.

Sub-Sector Best Prospects

High-quality advanced diagnostic and therapeutic equipment; innovative technologies and minimally invasive equipment, such as laser-optics in vascular surgery, urology, gastrology, dermatology, and neuro-surgery, new diagnostic and imaging devices, as well as specialized wound care and easy-to-use home care products. The trend is toward demand for miniaturized electro-medical equipment and nano-technology products. Preventive diagnostics and medical products, innovative orthopedic and physiotherapy devices, and biomaterial, cardiovascular and endoscopy products will also find good markets in

Germany. Novel imaging technologies, e-health and e-care, mobile medical products are also in demand in Germany. Keywords are: computerization and electronic diagnosis; therapy planning and survey; molecularization-biotechnology, cell and tissue engineering, personalized medicine; miniaturization-microsystems technologies, nanotechnology and optical technologies.

Opportunities

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[Horizon 2020](#), the new Framework Program for Research and Innovation by the European Union, is providing funding of approximately EUR 70 billion for the period 2014-2020. It covers the entire process of innovation, from the basic research to the provision of marketable products and services. In order to be able to make a contribution to the new EU 2020 strategy, the 8th Research Framework Program by the German Federal Ministry of Education and Research will take up the innovation policy aims of the EU in order to facilitate and promote innovation much more efficiently.

Web Resources

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German Government Agencies:

German Health Ministry: www.bmg.bund.de/

Federal Agency for Pharmaceuticals and Medical Products:
www.bfarm.de/EN/Home/home_node.html

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

German Medical Devices Law: www.dimdi.de/static/en/mpg/recht/index.htm

Trade Fairs:

MEDICA: www.medica.de and http://export.gov/industry/health/eg_main_032846.asp

Trade Associations:

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

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

German Medical, Optical and Mechatronic Technologies Industry Association (SPECTARIS): www.spectaris.de

German Hospital Association: www.dkgev.de

Medical Dealers Association: www.zmt.de

Commercial Service Contact:

Anette.Salama@trade.gov

Market Overview

	USD billion			
	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	116.4	121.3	125.8	130.1
Total Local Production	181.5	191.5	201.1	205.5
Total Exports	207.5	219.4	230.9	235.6
Total Imports	142.4	149.2	155.6	160.2
Imports from the U.S.	19.2	20.1	21.2	22.3
Exchange Rate: 1 EUR	1.28	1.33	1.37 (forecast)	1.37 (forecast)

(Source: German Chemical Association VCI)

The outlook for the chemical markets in the EU is positive for 2014 and beyond and the situation in the German chemical industry improved substantially. The still modest growth in 2013 is expected to continue to improve throughout 2014 and 2015. Insiders anticipate that sales will increase by 1.5% compared with 2014. The German chemical market is expected to see growth rates of 3-4% in 2015 and 2016.

With the intensified exploration of shale gas deposits in the United States and its favorable impact on the local product costs, U.S. chemical manufacturers may find themselves being particularly competitive with European companies. Therefore, an increased demand for chemical imports from the United States can be expected.

Sub-Sector Best Prospects

Agricultural chemicals, construction chemicals, electronic chemicals: High purity chemicals for semiconductors or flat panel manufacturing; chemicals for photovoltaic production or, improved adhesives. There also is a demand for new building blocks to produce advanced polymers. Research is focusing on new energy sources like ethanol, battery development and other alternative energy solutions. Innovative active pharmaceutical ingredients; advanced materials and new substances for the high-tech industries remain best prospects.

U.S. chemical producers of innovative chemicals find good to best prospects in the German chemical market while producers of standard materials can face substantial competition from local German or EU producers. Several globally active chemical producers are located in Germany, among them giants such as BASF; Bayer or Wacker.

Opportunities

Germany offers good to excellent business opportunities across all chemical sub-sectors for U.S. companies that offer innovative chemicals. "Green" chemicals are of interest. Increasingly, there is a need to replace hazardous substances too costly to register under the EU chemical regulation (REACH) such as azodicarbonamide; chromate or other metal salts. Sustainability is important as is energy-efficiency. Interest in recycling of chemicals is increasing. Moreover, some local chemical companies are re-focusing their product

portfolio such as Bayer which is expanding towards the more lucrative life-science business.

U.S. companies can often supply several EU markets by signing up with one single German distributor.

Web Resources

Trade fairs in Germany generally offer good business opportunities.

Analytica: www.analytica.de/link/en

CPhI: www.cphi.com

European Coatings Show: www.european-coatings-show.de/

Fakuma: www.fakuma-messe.de/en/fakuma

K' Show: www.k-online.de/

Commercial Service Contact:

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Overview

USD billion

Manufacturing of Parts and Accessories	2012	2013	Change in % (based on EUR 2012/2013)
Revenue	87.9	93,149	+2.6
Domestic Sales (excl. VAT)	56.3	59,394	-0.4
Foreign Sales	31,6	33,753	+3.3
Employees (Ø/year)	291,751	291,205	-0.2

Exchange rates: fixed EUROSTAT exchange rates were applied for 2012 (USD/EUR=0.7783) and 2013 (USD/EUR=0.7530) respectively.

Sub-Sector Best Prospects

Emission control technology; engine electronics; automotive semiconductors, innovative lighting technology (LED/laser etc.); Software, IT, Car-to-X communication technology; (smart) driving assistance and infotainment; alternative drives (e.g. electric/hybrid/fuel cell technology) as well as components; “Clean Diesel” technology; lightweight materials such as carbon fiber parts (CFRP); “downsizing” technologies; eMobility; (integrated) mobility services and concepts; range extender technology; efficient and economical battery technology.

Opportunities

Due to Germany’s position as a leading automotive technology provider and its sophisticated market structure, accessing automotive sub-sectors is difficult. However, market opportunities exist for technological innovations and applications. Due to increasingly strict EU regulations and policy, especially regarding emission control, opportunities arise as manufacturers and suppliers have to adapt to the regulatory requirements. Business opportunities exist especially in high-tech sectors, such as innovative materials and components, technology to increase fuel efficiency, alternative drive technology and new vehicle designs, as well as innovative (urban) mobility concepts. Limitations exist in the automotive aftermarket. It is difficult for U.S. companies to enter Germany’s market for various reasons: warranty concerns, a highly sophisticated market as well as fierce global competition represent high barriers for NTM manufacturers and products, especially for product groups such as lubricants, additives, care products, as well as certain mass market IAM parts and accessories. NTM companies must commit to high investments in marketing and/or local sales staff in order to gain market shares, which can only be achieved through displacement of competitors. Distributors and agents are very reluctant to take on new products and brands, unless the product’s unique selling proposition (USP) is strong and the foreign manufacturer shows commitment to invest in the product development in Germany.

Web Resources

Trade Fairs (selection)

[Automechanika](#) (Frankfurt): September 16-20, 2014

[eCarTec Munich](#) (Munich): October 21-23, 2014

[Engine Expo](#) (Stuttgart): June 24-26, 2014

[Essen Motor Show](#) (Essen): November 29 – December 12, 2014

[IAA Passenger Vehicles](#) (Frankfurt): September 17-27, 2015

[IAA Commercial Vehicles](#) (Hannover): September 25-October 2, 2014

[IZB Supplier Fair](#) (Wolfsburg): October 14-16, 2014

[Tire Technology Expo](#) (Cologne): February 10-12, 2015

[Zulieferer Innovativ](#) (Munich): July 7-8, 2014

Trade Associations:

ASA ([German Garage Equipment Association](#))

GVA ([German Association of Independent Automotive Aftermarket Distributors](#))

VDA ([German Association of the Automotive Industry](#))

ZDK ([German Federation for Motor Trades and Repair](#))

ZKF ([German Federation of Body and Automotive Engineering](#))

Commercial Service Contact:

Felix.Happe@trade.gov

	USD billion			
	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	4.1	4.1	4.2	4.3
Total Local Production	2.7	2.7	2.7	2.7
Total Exports	1.1	1.1	1.1	1.2
Total Imports	2.5	2.6	2.6	2.8
Import from the U.S.	0.9	0.9	0.9	0.9

Germany is Europe's largest sporting goods equipment market and a very sport-minded country. There are 25 million Germans participating in sports activities. In 2013, the German sporting goods market grew by 4% and an approximated average annual growth of 2% is expected over the next few years. The German sports market continues to be a profitable area for U.S. companies for export and investment. Sports activities remain a mega trend in Germany, thus offering excellent opportunities for U.S. sports products, especially those that are "Made in the USA," continue to set trends and enjoy great popularity in Germany.

The German sporting goods industry is characterized by mostly medium-sized enterprises with nearly 120,000 employees. The wide ranging production line (about 10,000 items) splits into three product groups with corresponding percentages of the total annual sales: Sports apparel (56%), sports shoes (30%), and sports hardware (14%).

In 2013, the demand for the all-season segment of outdoor sports increased by 3.9% (market share: 22%) followed by the multi-sport segment with a market share of 18%. Winter sports equipment and accessories accounted for 12%. Running, Nordic walking and racket sports achieved 10% each, and soccer 11% of the total market. The Swimming/beach segment experienced a decrease in sales of 6% (market share: 7%).

Over the last decade, Germany maintained the position of the 3rd largest importer within the EU. Major competitors in the German market come from China (50% import market share), Poland (9%), Italy (8%), the Netherlands and France (both 4%), and the Czech Republic (3%).

About 80% of all exports are purchased by EU member states. The U.S. ranks second after Switzerland among the most important non-EU buying countries, followed by Russia, Japan, Turkey, and, to an increasing degree, China.

The German sporting goods market is expected to grow moderately over the next few years, fueled largely by the fitness and health awareness among broad levels of the population, as well as increasing numbers of elderly consumers taking up a more active lifestyle. Germany already has the largest proportion (25 million) of the 50+ age group – the so-called "Best Agers" – within the EU, which is expected to grow more rapidly than

elsewhere. New high-tech materials, technical refinements as well as new innovations within the fibers and textiles industries will continue to play a decisive role as a competitive advantage.

Sub-Sector Best Prospects

Fitness equipment for physical exercise, gymnastics, or track and field; footwear (all sports); golf equipment; team sports equipment (for soccer, basketball, field hockey, golf, handball in particular, riding, running); winter sports equipment and apparel; in-line skates; roller blades; outdoor goods for hiking, climbing, trekking, and Nordic walking activities.

Web Resources

Trade Fairs:

OutDoor, Friedrichshafen, www.outdoor-show.com
EuroBike, Friedrichshafen, www.eurobike-show.com/eb-en
GOLF Europe, Augsburg, www.golf-europe.com/en/home
ISPO, Munich, www.ispo.com
FIBO (Fitness), Essen, www.fibo.de

Trade Associations:

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

Major Trade Journals:

www.saz.de
www.outdoor-magazin.com
www.golf.de/journal
www.skimagazin.de
www.wassersport-magazin.com
www.reitsport-markt.de

Commercial Service Contact:

Office.Munich@trade.gov

Overview

		USD billion		
		2012	2013	2014 (estimated)
Expenditure by German Tourists Abroad		83.2	86,450,000	91,700,000
U.S. Expenditure by German Tourists		7.0	7,500,000	n/a
Exchange Rate EUR:USD		1:1.28	1:1.33	1:1.37

(Sources: "ReiseAnalyse" 2014, Deutsche Tourismusanalyse by Stiftung fuer Zukunftsfragen (BAT), Office of Travel and Tourism Industries, U.S. Dept. of Commerce)

German travel abroad, including to the United States, is expected to show modest growth. Germans are high-spending travelers, and the United States is their most popular long-haul destination. Germans tend to stay longer in the United States than most travelers to the United States, and a wide array of non-stop direct flights to the United States continues to facilitate this travel.

German travel to the United States increased by 2 percent in 2013, with 1,916,000 Germans visiting the United States last year. Forecasts show a 3 percent growth in both 2014 and 2015 and an overall 11 percent until 2018. Germany's travel and tourism spending in the United States went up to an all-time record of USD 7.5 billion in 2013, an increase of 9 percent compared with 2012. Germany maintained its 7th place in the spending ranking in 2013, behind Canada, Japan, UK, Mexico, Brazil and China. Travel and tourism exports account for 27 percent of all U.S. services exports to Germany.

Germany ranks fourth in arrivals to the United States from overseas, following the UK, Japan and Brazil. (Canada and Mexico are not included). While domestic tourism has become a trend in Germany, the United States continues to be the favorite long-haul destination. The most popular U.S. states for German travelers are New York (33%), California (23%) and Florida (19%), with New York being the most popular city. Other top city destinations are Los Angeles, San Francisco, Las Vegas and Miami. German travelers are also the top overseas visitors in several western states. The average length of stay for German tourists in the United States, 18.3 nights, is considerably longer than for other overseas visitors.

Germans view 2014 optimistically - 55 percent of potential German travelers (aged 14-70) have already thought about their travel plans for the year, according to a recent poll.

Sub-Sector Best Prospects

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

Opportunities

The Visit USA Committee Germany e.V. together with Brand USA offer partners opportunities to outreach to travel agencies during a Germany roadshow from Sept. 8-11, 2014, in Nuernberg, Munich, Stuttgart and Dusseldorf, and a Halloween event from Oct. 31 to Nov. 2, 2014, in Frankfurt. They also plan a travel media outreach event in Hamburg in late September, 2014, and coordinate participation for U.S. clients at Germany's major tourism shows, listed below.

Web Resources

Government:

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

Travel Trade Fairs:

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

Other:

www.vusa.travel Official site of the Visit USA Committee Germany e.V.
www.discoveramerica.com/de Brand USA's consumer website in German
www.usa.de German language consumer travel website on United States
www.natuerlichusa.de German landing page for Recreation.Gov

Commercial Service Contact:

Elizabeth.Walsh@trade.gov

Overview

	2011	2012	Changes 2012/2011
Share of renewable electricity in total electricity consumption	20.5 %	22,9 %	+ 11.7 %
Final energy electricity from renewables	123.5 billion kWh	136.1 billion kWh	+ 10.2 %
Share of renewable heat in final energy consumption for heat	10.4 %	10.4 %	0 %
Renewables' share in total fuel consumption	5.5 %	5.5 %	0 %
Renewables' share in total final energy consumption	12.1 %	12.6 %	+ 4.1 %
Greenhouse gas emissions avoided through renewables	134 million tons	146 million tons	+ 9.0 %
Investments in the construction of renewable energy facilities	23.2 EUR billion	19.5 EUR billion	- 15.9 %
Turnover from operation of renewable energy facilities	13.6 EUR billion	14.4 EUR billion	+ 5.9 %

(Source: www.erneuerbare-energien.de)

Exchange Rate: In order to avoid misinterpretation, a fixed USD/EUR exchange rate (1 USD=0.809 EUR) is used for the figures provided in this section.

Despite an ongoing debate about rising energy prices, the renewable energy sector is expected to continue growing. Electricity generation from renewable energies and the appropriate subsidies are substantially based on the German Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz, EEG), which is in accordance with European policy (Directive 2001/77/EC).

Best Products/Services**Wind Energy**

Wind energy currently offers the most extensive opportunities for expansion. Technological development in this field is highly advanced. In Germany, wind turbines are exclusively used for the production of electricity which is fed into the grid. Wind turbines produced 45.9 TWh in 2012 (48.9 TWh in 2011). Future wind energy deployment in Germany will require further development of suitable locations on shore and the replacement of old and small installations with more modern and powerful equipment (repowering).

Bio-Energy

By 2020, bio-energy is expected to account for 54 TWh/a_{elec.} or 9.1% of all electricity generation, 150 TWh/a_{thermal} or 13% of heating energy, and 111 TWh/a or 21% of all fuels. The major share will come from biogas, followed by solid biomass (mainly wood and plants), liquid biomass (plant oils), and sewage and landfill gas.

Photovoltaic (PV)

PV plants produced 27.9 TWh in 2012 (19.3 TWh in 2011). The production increased by 44% compared with 2011. Solar energy produced 5.0% of the gross electricity generation. In spite of a slight rise in new capacity (7.5 GW in 2011: 7.6 GW in 2012), investments in PV systems dropped by around one quarter. Potential is seen for storage solutions and for distribution systems of hot water via local heating grids. PV systems are supported by the Federal Government with the Renewable Energy Sources Act (EEG). The EEG provides a high degree of planning and investment security due to fixed tariffs over a period of 20 years.

Solar Thermal Energy

Small-scale solar installations are already standard for heating industry and specialized energy segments. The EEG entered into force on January 2009 introduces an obligation to use renewable energies for heat supply in new buildings, for which solar energy is ideal e.g. by using the building's own solar collectors or by purchasing district heating in combination with a centralized large-scale solar heating system. Both small- and large-scale solar heating systems are supported by the Market Incentive Program. The German solar market is an import market due to high labor costs. A strong trend to decentralized energy supply can be observed.

Hydro Power

Hydro power produced 18.1 TWh in 2012. The share of the gross electricity generation was 3.0%. The potential of hydropower in Germany has largely been exploited. Most hydropower plants operating in Germany were built before the 1960s and the majority is in the 5-10 MW class. Experts state that the present 20 TWh/a_{elec.} that are presently generated can be increased (mainly by repowering existing plants) to over 31 TWh/a_{elec.} by 2020 and then account for 5.4% of the electric power generation in Germany. In addition to repowering, major investments are also expected for environmental protection measures for hydro power plant surrounding waterways (fish steps, re-naturalization of riverbeds, and optimization of river flow).

Geothermal Energy (Industrial, deep geothermal energy)

At present, total installed electrical power equals 7.3 MW generating 19 GWh and 6,300 GWh_{thermal} per year. It is expected that this energy form will reach as much as 6,000 MW installed capacity generating 38 TWh_{elec.} and 14,400 GWh_{thermal} by 2020. Surface geothermal energy: In 2011, over 60,000 heat pumps were installed, most in private residences bringing the total number of heat pumps to over 350,000 units. More than half use water-to-water or brine-to-water technology for which vertical drilling or horizontal netting is required. A little less than half use air-to-air heat pump technology, which is expected to carry the highest growth potential.

Grid, Energy Storage, Fuel Cells

The German Government has to expand the country's grid infrastructure. This means grid-expansion, integration of storage technologies as well as demand-side management with smart grid and smart home technologies respectively. Improving the power grid, adding storage technologies, building and expanding transmission lines, etc., add up to estimated €550 billion investments by 2020. An enormous expansion of the high voltage grid system is required. The new grid expansion plan from November 2012 requires 3,800km of new high voltage lines (2,100km DC, 1700km AC) by 2020. At the same time, the grid will become smart, providing business opportunities not only in the hardware sector as mentioned above – but also in the service sector in areas such as automated energy trading, innovative operating models, innovative financing, plant management, remote house control, electricity purchase bundling.

Best potential is seen for energy management / smart grid applications; energy storage (battery) technology; fuel cell technology; green / smart building technology; building automation technology; energy & resource efficiency solutions; lightweight / advanced materials; renewable energy (especially wind); sustainable production technology (environmentally friendly materials, coatings); integrated production IT / industrial automation technology

Web Resources

Trade Associations:

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

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

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

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

Biogas: Fachverband Biogas: www.biogas.org

Renewable Energy: Bundesverband Erneuerbare Energie (BEE): www.bee-ev.de

Agentur fuer Erneuerbare Energien: www.unendlich-viel-energie.de

Government:

Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU): www.bmu.de, www.erneuerbare-energien.de

German Energy Agency (DENA): www.dena.de

International Renewable Energy Agency (IRENA): www.irena.org

Other:

Germany Trade and Invest (GTAI): www.gtai.com

Fraunhofer ISE: www.ise.fraunhofer.de

Trade Fairs:

Wind Energy: Husum Wind Energy, www.husumwind.de

Hannover Messe Energy, www.energy-hannover.de

Solar Energy: Intersolar, www.intersolar.de

Geothermal Energy: GeoTherm expo + congress, www.geotherm-offenburg.de

Biogas: EuroTier, www.eurotier.de

Bio Energy Decentral, www.bioenergy-decentral.com

Renewable Energy: Hannover Messe Energy, www.energy-hannover.de

enertec, www.enertec-leipzig.de
RenExpo, www.renexpo.de

Commercial Service Contact:
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Product Category (in USD million)	Total German Imports 2013	German Imports from the U.S.	U.S. Import Growth (2009-13)	Market attractiveness for USA
Tree Nuts	2,100	575	124.6%	The United States is the biggest supplier of tree nuts to Germany. Most tree nuts are used as ingredients by the food processing sector. Almonds are the most important commodity within this category. Further products with good sales potential include pistachios, pecans, and walnuts.
Fish and Seafood Products	5,064	171	-17.0%	The German market offers lucrative opportunities for fish and seafood products. Fish consumption is growing as consumers associate fishery products with a healthy diet. Best prospects for U.S. and seafood exports are salmon, Alaska Pollock, hake, shrimps, crabs (frozen), caviar substitutes, squid, scallops and cod.
Wine and Beer	3,973	105	66.7%	Germany has a high share of domestic wine production. However, good prospects exist for “new world wines” including those from the U.S. The U.S. has also steadily increased its beer exports to Germany.
Processed Fruits and Vegetables	5,685	92	12.2%	German imports are slowly increasing. Those products are mostly used as ingredients by the food processing sector for the production of pastries and cereals. Dried fruits and prepared nuts are also popular as a snack. Commodities with notable increasing sales are raisins, dried prunes, dried onions, and dried mushrooms & truffles.
Red Meats Fresh/Chilled/ Frozen	5,318	69	2364.29%	Good opportunities for U.S. high quality beef produced without growth hormones. The EU quota size and administration system have recently seen changes.
Snack Foods (excl. Nuts)	3,478	8	14.1%	German demand for healthy, organic, innovative, and exotic snacks

				continues to grow. U.S. import growth has expanded in this category predominately due to increasing imports of cocoa preparations and chocolate.
Pet Foods (Dog and Cat)	944	2	-22.6%	Sales of cat food have the biggest market share. U.S. exports are declining but potential exists for premium pet food.

U.S. Embassy Contact:

Office of Agricultural Affairs: agberlin@usda.gov

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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Germany Import Turnover Tax

Goods imported from **non-EU states** are subject to an import turnover tax (Einfuhrumsatzsteuer). The import turnover tax rate equals the VAT (value-added tax) rates of 19 percent levied on domestic products (or 7 percent for some product categories) and has to be paid to the customs authority. The assessment base for the import turnover tax is the so-called customs value.

The import turnover tax on goods imported from non-EU states can be deducted as a so-called input tax (Vorsteuer). As a prerequisite, the company must have the necessary import documents with customs proof of payment (import declaration). It is important 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.

EU Regulations

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show the various rules which apply to specific products being imported into the customs territory of the EU or, in some cases, exported from it. To determine if a license is required for a particular product, check the TARIC. The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Key Link:

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

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

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:

www.ustr.gov/sites/default/files/2013%20NTE%20European%20Union%20Final.pdf

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

www.usda-eu.org/

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

Import Requirements and Documentation

The TARIC (Tarif Intégré de la Communauté), described above, is available to help determine if a license is required for a particular product.

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

For information relevant to member state import licenses, please consult the relevant member state Country Commercial Guide: [EU Member States' Country Commercial Guides](#) or conduct a search on the Commerce Department's Market Research Library, available from: www.export.gov/mrktresearch/index.asp.

Import Documentation**The Single Administrative Document**

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

The Summary Declaration is filed by:

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

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

European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. Information on import/export forms is contained in Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

More information on the SAD can be found at:

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/sad/index_en.htm

Regulation (EC) No 450/2008 laying down the Community Customs Code (so-called the "Modernized Customs Code") aimed at the adaptation of customs legislation and at introducing the electronic environment for customs and trade. This Regulation entered into force on June 24, 2008 and was due to be applicable once its implementing provisions were in force by June 2013. However, the Modernized Customs Code was recast as a Union Customs Code (UCC) before it became applicable. The Union Customs Code (UCC) Regulation entered into force in October 2013 and repealed the MCC Regulation; its substantive provisions will apply only on May 1st 2016. Until this time, the Community Customs Code and its implementing provisions continue to apply.

http://ec.europa.eu/taxation_customs/customs/customs_code/union_customs_code/index_en.htm

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:

- (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:

www.zoll.de

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

The summary declaration is to be lodged by:

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

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

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

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm

EORI

Since July 1, 2009, all companies established outside of the EU are required to have an Economic Operator Registration and Identification (EORI) number if they wish to lodge a customs declaration or an Entry/Exit Summary declaration. All U.S. companies should use this number for their customs clearances. If a U.S. company wishes to apply for AEO status or apply for simplifications in customs procedures within the EU, it must first obtain an EORI number. Companies should request an EORI number from the authorities of the first EU member state to which they export. Once a company has received an EORI number, it can use it for exports to any of the 28 EU member states. There is no single format for the EORI number.

More information about the EORI number can be found at:

http://ec.europa.eu/taxation_customs/dds2/eos/eori_home.jsp?Lang=en

U.S. - EU Mutual Recognition Arrangement (MRA)

Since 1997, the U.S. and the EU have had an [agreement](#) on customs cooperation and mutual assistance in customs matters. For additional information, please see:

http://ec.europa.eu/taxation_customs/customs/policy_issues/international_customs_agreements/usa/index_en.htm

In 2012, the U.S. and the EU signed a new Mutual Recognition Arrangement (MRA) aimed at matching procedures to associate one another's customs identification numbers. The MCC introduced the Authorized Economic Operator (AEO) program (known as the "security amendment"). This is similar to the U.S.' voluntary Customs-Trade Partnership Against Terrorism (C-TPAT) program in which participants receive certification as a "trusted" trader. AEO certification issued by a national customs authority is recognized by all member state's customs agencies. An AEO is entitled to two different types of authorization: "customs simplification" or "security and safety." The former allows for an AEO to benefit from simplifications related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter's trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition.

The U.S. and the EU recognize each other's security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable treatment provided by mutual recognition will result in lower costs, simplified procedures and greater predictability for transatlantic business activities. The newly signed arrangement officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The agreement is being implemented in two phases. The first commenced in July 2012 with the U.S. customs authorities placing shipments coming from EU AEO members into a lower risk category. The second phase took place in early 2013, with the EU re-classifying shipments coming from C-TPAT members into a lower risk category. The U.S. customs identification numbers (MID) are therefore recognized by customs authorities in the EU, as per Implementing Regulation 58/2013 (which amends EU Regulation 2454/93 cited above):

http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/general/implementing_regulation_58_2013_en.pdf

Additional information on the MRA can be found at:

www.cbp.gov/newsroom/national-media-release/2013-02-08-050000/eu-us-fully-implement-mutual-recognition-decision

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The 2006 Directive applies to all batteries and accumulators placed on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. In 2012, the European Commission published a FAQ document to assist interested parties in interpreting its provisions. For more information, see our market research report:

www.buyusainfo.net/docs/x_4062262.pdf

REACH

REACH, "Registration, Evaluation and Authorization and Restriction of Chemicals", is the system for controlling chemicals in the EU and it came into force in 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by this policy. REACH requires chemicals produced or imported into the EU in volumes above 1 metric ton per year to be registered with a central database handled by the European Chemicals Agency (ECHA). Information on a chemical's properties, its uses and safe ways of handling are part of the registration process. The next registration deadline is [May 31, 2018](#). U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list of Only Representatives (ORs) can be found on the website of the U.S. Mission to the EU:

<http://export.gov/europeanunion/reachclp/index.asp>

U.S. companies exporting chemical products to the European Union must update their Material Safety Data Sheets (MSDS) to be REACH compliant. For more information, see the guidance on the compilation of safety data sheets:

http://echa.europa.eu/documents/10162/17235/sds_en.pdf

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of Substances of Very High Concern (SVHCs) and the 'Authorization List'. Substances on the Candidate List are subject to communication requirements prior to their export to the EU. Companies seeking to export products containing substances on the 'Authorization List' will require an authorization. The Candidate List can be found at:

<http://echa.europa.eu/web/guest/candidate-list-table>.

The Authorization List is available at <http://echa.europa.eu/addressing-chemicals-of-concern/authorisation/recommendation-for-inclusion-in-the-authorisation-list/authorisation-list>

WEEE Directive

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. The Directive requires U.S. exporters to register relevant products with a national WEEE authority or arrange for this to be done by a local partner. The WEEE Directive was revised on July 4, 2012 and the scope of products covered was expanded to include all electrical and electronic equipment. This revised scope will apply from August 14, 2018 with a phase-in period that has already begun. U.S. exporters seeking more information on the WEEE Directive should visit:

<http://export.gov/europeanunion/weeerohs/index.asp>

RoHS

The ROHS Directive imposes restrictions on the use of certain chemicals in electrical and electronic equipment. It does not require specific customs or import paperwork however, manufacturers must self-certify that their products are compliant. The Directive was revised in 2011 and entered into force on January 2, 2013. One important change with immediate effect is that RoHS is now a CE Marking Directive. The revised Directive expands the scope of products covered during a transition period which ends on July 22, 2019. Once this transition period ends, the Directive will apply to medical devices, monitoring and control equipment in addition to all other electrical and electronic equipment. U.S. exporters seeking more information on the RoHS Directive should visit:

<http://export.gov/europeanunion/weeerohs/index.asp>

Cosmetics Regulation

On November 30, 2009, the EU adopted a new regulation on cosmetic products which has applied since July 11, 2013. The law introduces an EU-wide system for the notification of cosmetic products and a requirement that companies without a physical presence in the EU appoint an EU-based responsible person.

In addition, on March 11, 2013, the EU imposed a ban on the placement on the market of cosmetics products that contain ingredients that have been subject to animal testing. This ban does not apply retroactively but does capture new ingredients. Of note, in March 2013, the Commission published a Communication stating that this ban would not apply to ingredients where safety data was obtained from testing required under other EU legislation that did not have a cosmetic purpose. For more information on animal testing, see: <http://ec.europa.eu/consumers/sectors/cosmetics/animal-testing>

For more general information, see:

http://export.gov/europeanunion/accessingeumarketsinkeyindustrysectors/eg_eu_044318.asp

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website:

www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/.

Sanitary Certificates (Fisheries)

In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. The U.S. fishery product sanitary certificate is a combination of Commission Decision 2006/199/EC for the public health attestation and of Regulation 1012/2012 for the general template and animal health attestation. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to that of the EU's. The EU and the U.S. are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime, the EU still has a ban in place (since July 1, 2010), that prohibits the import of U.S. bivalve mollusks, in whatever form, into EU territory. This ban does not apply to wild roe-off scallops.

Since June 2009, the only U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@trade.gov) or visit the following NOAA dedicated web site: www.seafood.nmfs.noaa.gov/EU_Export.html

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of some commercial items, including "production" and "development" technology.

The items that BIS regulates are often referred to as "dual use" since they have both commercial and military applications. Further information on export controls is available at: www.bis.doc.gov/index.php/exporter-portal

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. These are posted at: www.bis.doc.gov/index.php/enforcement/oeec/compliance/23-compliance-a-training/51-red-flag-indicators

Also, BIS has "Know Your Customer" guidance at: www.bis.doc.gov/index.php/enforcement/oeec/compliance?layout=edit&id=47

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at 1(800) 424-2980, or via the confidential lead page at www.bis.doc.gov/index.php/component/rsform/form/14?task=forms.edit

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS web.

It is important to note that in August 2009, the President directed a broad-based interagency review of the U.S. export control system, with the goal of strengthening national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. As a result, the Administration launched the Export Control Reform Initiative (ECR Initiative) which is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.

The Administration is implementing the reform in three phases. Phases I and II reconcile various definitions, regulations, and policies for export controls, all the while building toward Phase III, which will create a single control list, single licensing agency, unified information technology system, and enforcement coordination center.

For additional information on ECR see: <http://export.gov/ecr/index.asp>

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. A list of upcoming seminars can be found at: www.bis.doc.gov/index.php/compliance-a-training/export-administration-regulations-training/current-seminar-schedule

For further details about the Bureau of Industry and Security and its programs, please visit the BIS website at: www.bis.doc.gov/

Temporary Entry

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

Labeling and Marking Requirements

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The European Union does not generally legislate packaging and labeling requirements, but does so for what it sees as specific high-risk products. In the absence of any EU-wide rules, the exporter has to consult national regulations or inquire about voluntary agreements among forwarders that affect packaging and labeling of containers, outside packaging, etc. Importers or freight forwarders should be able to advise U.S. exporters on shipping documents and outer packaging/labeling. European Union customs legislation only regulates administrative procedures, such as type of certificate and the mention of rule of origin on the customs forms and shipping documents.

Product-specific packaging and labeling requirements applicable throughout the EU apply to food, medicines, chemicals, pharmaceuticals and other items EU authorities regard as high-risk. The stated purpose of harmonizing such legislation throughout the EU is to minimize the risk for consumers (the end user).

The CE mark is mandatory in the EU countries for any electrical apparatus and often more than one CE mark law may apply.

Eco-Label

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

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

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

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:

http://buyusainfo.net/docs/x_366090.pdf

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

Prohibited and Restricted Imports

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The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for the following codes:

CITES Convention on International Trade of Endangered Species

PROHI Import Suspension

RSTR Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link:

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Customs Regulations and Contact Information

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

Electronic Customs Initiative – This initiative deals with EU Customs modernization developments to improve and facilitate trade in the EU member states. The electronic customs initiative is based on the following three pieces of legislation:

- The Security and Safety Amendment to the Customs Code, which provides for full computerization of all procedures related to security and safety;
- The Decision on the paperless environment for customs and trade (Electronic Customs Decision) which sets the basic framework and major deadlines for the electronic customs projects;
- The Modernized Community Customs Code (recast as Union Customs Code) which provides for the completion of the computerization of customs.

Key Link:

http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Homepage of Customs and Taxation Union Directorate (TAXUD) Website

Key Link:

http://ec.europa.eu/taxation_customs/customs/index_en.htm

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

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

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

These objectives are met using a single instrument - the rules on customs value. The EU applies an internationally accepted concept of 'customs value'.

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

Key Link:

http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm

Standards

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Overview

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

European Union legislation and standards created under the New Approach are harmonized across the member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach legislation, go to:
<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main>.

The concept of new approach legislation is likely to disappear as the New Legislative Framework (NLF), which entered into force in January 2010, was put in place to serve as a blueprint for existing and future CE marking legislation. Since 2010/2011 existing legislation has been reviewed to bring them in line with the NLF concepts.

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

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: www.usda-eu.org

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/

Standards Organizations

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

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

1. CENELEC, European Committee for Electrotechnical Standardization (www.cenelec.eu/)
2. ETSI, European Telecommunications Standards Institute (www.etsi.org/)
3. CEN, European Committee for Standardization, handling all other standards (www.cen.eu/cen/pages/default.aspx)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away some of its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process

of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation.

Mandates – or requests for standards - can be checked on line at:

http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm

Given the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Belarus, Israel, and Morocco among others. Another category, called "partner standardization body" includes the standards organization of Mongolia, Kyrgyzstan and Australia, which are not likely to become a CEN member or affiliate for political and geographical reasons.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. Other than their respective annual work plans, CEN's "what we do" page provides an overview of standards activities by subject. Both CEN and CENELEC offer the possibility to search their respective database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) leads to ongoing activities.

The European Standardization system and strategy was reviewed in 2011 and 2012. The new standards regulation 1025, adopted in November 2012, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing EN harmonized standards. The emphasis is also on referencing international standards where possible. For information, communication and technology (ICT) products, the importance of interoperability standards has been recognized. Through a newly established mechanism, a "Platform Committee" reporting to the European Commission will decide which deliverables from fora and consortia might be acceptable for public procurement specifications. The European standards bodies have been encouraged to improve efficiency in terms of delivery and to look for ways to include more societal stakeholders in European standardization.

Key Link:

http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index_en.htm

Germany

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. The German organization that compiles standards is the Deutscher Industrie Normenausschuss - DIN (German Standards Institute, www.din.de). The DIN also compiles the standards that lay down the requirements for a "GS" mark. Since 1975, DIN has been recognized by the German government as the national standards body and represents Germany's interests at the international and EU levels.

DIN offers a forum in which interested parties meet in order to discuss and define their specific standardization requirements and to record the results as German Standards. In DIN, standard work is carried out by some 26,000 external experts, serving as voluntary delegates in more than 4,000 committees. Draft standards are published for public comment, and all comments are reviewed before final publication of the standard. Published standards are reviewed for continuing relevance at least every five years. According to DIN, standards are designed to promote rationalization, quality assurance, safety, and environmental protection, as well as improving communication between industry, technology, science, government, and the public domain. The input of external experts into standardization is organized through standards committees and working groups. Each standards committee is responsible for a distinct area of activity and coordinates the corresponding standardization work at the EU and international levels. As a rule, the standards committee in DIN includes a number of technical sub-committees. There are currently 76 standards committees that maintain their own websites. Basic details of their area of activity and a list of the standards are published in English. Links to these committees are available on the [DIN](#) website.

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website.

Key Link:

<http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification system is known as the Keymark. Neither CENELEC nor ETSI offer conformity assessment services.

Product Certification

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To sell products in the EU market of 28 member states as well as in Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC or ETSI, and referenced in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and

issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As mentioned before, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements.

"European Accreditation" (www.european-accreditation.org) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible to appropriate EN and ISO/IEC standards.

Germany

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

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

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

The Official Journal is the official publication of the European Union. It is published daily on the internet and consists of two series covering adopted legislation as well as case law, studies by committees, and more (<http://eur-lex.europa.eu/JOIndex.do?ihmlang=en>). It lists the standards reference numbers linked to legislation (http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm).

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

NIST Notify U.S. Service

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

Germany

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

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

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of member states to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers. Key Link: http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm

The Eco-label

The EU eco-label is a voluntary label which U.S. exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from its manufacture, use, and disposal. These criteria are reviewed every three

to five years to take into account advances in manufacturing procedures. There are currently 13 different product groups, and more than 17000 licenses have been awarded.

Applications to display the eco-label should be directed to the competent body of the member state in which the product is sold. The application fee will be somewhere between €275 and €1600 depending on the tests required to verify if the product is eligible, and an annual fee for the use of the logo (typically between \$480 to \$2000), with a 20% reduction for companies registered under the [EU Eco-Management and Audit Scheme](#) (EMAS) or certified under the international standard [ISO 14001](#). Discounts are available for small and medium sized enterprises (SMEs).

Key Links:

[Eco-label Home Page](#)

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Chapter 6: Investment Climate

For background information on the investment climate of Germany, please click on the link below to the U.S. Department of State Investment Climate Statement

<http://www.state.gov/e/eb/rls/othr/ics/2014/226606.htm>

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Chapter 7: Trade and Project Financing

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

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

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

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

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

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

How Does the Banking System Operate

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

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

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

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

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

Foreign-Exchange Controls

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

U.S. Banks and Local Correspondent Banks

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Bank of America N.A.
Neue Mainzer Straße 52, 60311 Frankfurt am Main, Germany
Phone: +49-69-71001-0
www.bankofamerica.com

Citigroup Global Markets Germany
Reuterweg 16, 60323 Frankfurt am Main, Germany
Phone: +49-69-1366 0
www.citi.com

JP Morgan AG
Junghofstr. 14, 60311, Frankfurt am Main, Germany
Phone: +49-69-7124 0
www.jpmorgan.com

Goldman-Sachs International
Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main, Germany
Phone: +49-69-7532 1000
www.gs.com

Merrill Lynch International
Main Tower, Neue Mainzer Strasse 52, 60311 Frankfurt am Main, Germany
Phone: +49-69-5899 5000
www.ml.com

Morgan Stanley AG
Junghofstr. 13-15, 60311 Frankfurt am Main, Germany
Phone: +49-69-2166-0
www.morganstanley.com

Project Financing

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

energy turnaround (“Energiewende”) in 2011, which entails the phase-out of nuclear energy by 2022.

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

Web Resources

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Export-Import Bank of the United States: www.exim.gov

Country Limitation Schedule: www.exim.gov/tools/countrylimitationschedule/#tblG

Overseas Private Investment Corporation (OPIC): www.opic.gov

U.S. Trade and Development Agency: www.tda.gov

Small Business Administration (SBA)'s Office of International Trade: www.sba.gov/oit

USDA Commodity Credit Corporation: www.fsa.usda.gov/cc/default.htm

European Bank for Reconstruction and Development (EBRD): www.ebrd.com

U.S. Commercial Service Liaison Office to the EBRD: www.buyusa.gov/ebrd

KfW Bank Group (Kreditanstalt fuer Wiederaufbau): www.kfw.de/EN_Home/

The German Bankers' Association: www.bdb.de

Federal Financial Supervisory Authority: www.bafin.de

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Chapter 8: Business Travel

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Business Customs

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Never underestimate the importance of punctuality in German business culture. Arriving even five to ten minutes after the appointed time is perceived as late; a fifteen minute variance would be considered a very serious faux pas and could mean a shaky start to any potential business relations.

Be prepared to make an appointment for most things.

The preferred times for business appointments are between 10:00 a.m. and 1:00 p.m. or between 3:00 p.m. and 5:00 p.m.

Avoid scheduling appointments on Friday afternoons, as some offices close by 2:00 p.m. or 3:00 p.m. on Fridays.

Giving compliments is not part of German business protocol and can often cause embarrassment and awkwardness.

Germans traditionally use: "Wie geht es Ihnen?" ["How are you?"] as a literal question that expects a literal answer, in contrast to the common English usage of "How's it going?" to simply meaning "Hi". It may, therefore, be considered strange or superficial to ask the question and keep on moving without waiting for an answer.

Travel Advisory

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Germany remains largely free of terrorist incidents. However, like other countries in the Schengen area, Germany's open borders with its European neighbors allow the possibility of terrorist groups entering/exiting the country with anonymity. Overall, the security risk to travelers in Germany is low.

For the latest security information, Americans traveling abroad should regularly monitor the State Department's Internet web site at

http://travel.state.gov/travel/cis_pa_tw/tw/tw_1764.html where the current Worldwide Caution Public Announcement, Travel Warnings and Public Announcements can be found. Up-to-date information on security can also be obtained by calling 1-888-407-

4747 toll free in the United States, or, for callers outside the 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

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A passport is required. A visa is not required for tourist/business stays up to 90 days within the Schengen Group of countries, which includes Germany. Further information on entry visa and passport requirements may be obtained from the German Embassy at 4645 Reservoir Road N.W., Washington, D.C. 20007, telephone (202) 298-4000, or the German Consulates General in Atlanta, Boston, Chicago, Houston, Los Angeles, Miami, New York, or San Francisco and on the Internet at www.germany.info. 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 be advised that security evaluations are handled via an interagency process.

Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

Telecommunications

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Thousands of miles of high-quality fiber optical cable make the country ready for the applications of the future.

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

Transportation

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Travel by plane, train or car meets international standards, but prices exceed U.S. averages. The number of in-country flights has been picking up and the train stations that dot the country provide sufficient access to nearly all cities (for train schedules, please see www.bahn.de). Nevertheless, cars are the most popular means of transport and Germany's famous highway system is extensive.

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

Language

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

Health

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

U.S. medical insurance plans seldom cover health costs incurred outside the United States unless supplemental coverage is purchased.

Local Time, Business Hours, and Holidays

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See http://export.gov/germany/doing_business_in_germany/GermanHolidays/ for German holidays.

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

Temporary Entry of Materials and Personal Belongings

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When bringing professional equipment, such as electronic goods, cameras, and musical instruments, into Germany, it is strongly recommended that you first contact the consulate or embassy in your area for customs information. You might also want to consider purchasing an ATA Carnet. The ATA Carnet, which allows for the temporary, duty-free entry of goods into over 50 countries, is issued by the United States Council for International Business by appointment of the U.S. Customs Service; www.uscib.org. Note: Voltage in Germany is 230. Electronic equipment from the U.S. will require an adaptor.

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Chapter 9: Contacts, Market Research and Trade Events

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- [Trade Events](#)

Contacts

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A. Country Contacts

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

Germany Trade and Invest
www.gtai.com

Federal Ministry of Finance
Bundesministerium der Finanzen
www.bundesfinanzministerium.de

B. Country Trade Associations/Chambers of Commerce

Bundesverband der Deutschen Industrie e.V. (BDI)
(Federation of German Industries)
www.bdi.eu

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

Bundesverband Grosshandel, Aussenhandel, Dienstleistungen e.V.
(Federation of German Wholesale, Foreign Trade and Services)
www.bga.de

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

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

Centralvereinigung Deutscher Wirtschaftsverbaende fuer Handelsvermittlung und Vertrieb (CDH)
(National Association of German Commercial Agencies and Distributors)
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)
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 www.deutsche-bank.de

Commerzbank AG www.commerzbank.com

Bayerische Hypo- und Vereinsbank AG www.hypovereinsbank.de

Deutsche Postbank AG www.postbank.de

E. U.S. Embassy Trade Personnel

United States Embassy, Berlin www.usembassy.de
Commercial Service <http://export.gov/germany/Contact/Berlin/>

U.S. Consulates
Dusseldorf <http://duesseldorf.usconsulate.gov>
Commercial Service <http://export.gov/germany/Contact/Dusseldorf/>

Frankfurt/Main <http://frankfurt.usconsulate.gov>
Commercial Service <http://export.gov/germany/Contact/Frankfurt/>

Hamburg <http://hamburg.usconsulate.gov>

Leipzig <http://leipzig.usconsulate.gov>

Munich <http://munich.usconsulate.gov>
Commercial Service <http://export.gov/germany/Contact/Munich/>

F. Washington-based USG Country Contacts

U.S. Department of Commerce, International Trade Administration
www.trade.gov

U.S. Department of State
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.
www.fas.usda.gov

U.S. Department of the Treasury
www.ustreas.gov

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

G. U.S.-based Multipliers

German Missions in the United States
www.germany.info

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

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

Representative of German Industry and Trade
www.rgit-usa.com

H. Other Contacts

<http://export.gov/germany/Contact/> - 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://export.gov> - U.S. Government Export Portal

<http://export.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.

www.amcham.de - American Chamber of Commerce in Germany

www.agbc.de – Association of American German Business Clubs e.V.

www.agbc-berlin.de - American German Business Club Berlin

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

Agricultural Affairs Office
American Embassy/Berlin
Clayallee 170
14191 Berlin, Germany

Tel: [49][30] 8305-1150
Fax: [49][30] 8431-1935
Email: Agberlin@usda.gov
<http://germany.usembassy.gov/fas>

www.fas.usda.gov/posthome/useu - 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://export.gov/tradedata/index.asp> - provides statistical data on trade between the United States and Germany.

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

Market Research

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

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

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://export.gov/germany/TradeShowsEvents/>

www.export.gov/tradeevents/

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. 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
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://export.gov/germany/>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

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.

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